

April 22, 2021

TO: Legal Counsel

News Media

Salinas Californian
El Sol
Monterey County Herald
Monterey County Weekly
KION-TV
KSBW-TV/ABC Central Coast
KSMS/Entravision-TV

The next regular meeting of the **PERSONNEL, PENSION AND INVESTMENT COMMITTEE - COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **TUESDAY, APRIL 27, 2021, AT 12:00 P.M., IN THE DOWNING RESOURCE CENTER, ROOMS A, B & C, AT SALINAS VALLEY MEMORIAL HOSPITAL, 450 E. ROMIE LANE, SALINAS, CALIFORNIA, OR BY PHONE OR VIDEO (Visit svmh.com/virtualboardmeeting for Access Information).**

Please note: Pursuant to Executive Order N-25-20 issued by the Governor of the State of California in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.



Pete Delgado
President/Chief Executive Officer

Committee Members: Regina M. Gage – Chair; Richard Turner – Vice Chair; Pete Delgado – President/Chief Executive Officer; Augustine Lopez – Chief Financial Officer; Michelle Childs, Chief Human Resources Officer; and Glenn Berry, M.D. – Medical Staff Member

**PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING
APRIL 2021 - COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, APRIL 27, 2021
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO
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AGENDA

1. Approval of Minutes from the Personnel, Pension and Investment Committee Meeting of March 23, 2021 (DELGADO)
 - Motion/Second
 - Action by Committee/Roll Call Vote
2. Review Investment Performance of SVMHS's General & Board Designated Funds (LOPEZ/TIM SKELLY OF GRAYSTONE CONSULTING)
3. Financial and Statistical Review (LOPEZ)
4. Public Input
This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board which are not otherwise covered under an item on this agenda.
5. No Closed Session
6. Adjournment – The May 2021 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, May 25, 2021, at 12:00 p.m.**

Notes: This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Assistant during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

The Committee packet is available at the Committee Meeting, at www.svmh.com, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

**MINUTES OF THE MARCH 2021 PERSONNEL, PENSION AND
INVESTMENT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, MARCH 23, 2021
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
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Committee Members Present: Regina M. Gage, Chair; Pete Delgado, in person; Richard Turner, Vice Chair, Augustine Lopez, and Glenn Berry, MD, by teleconference.

Committee Members Absent: Michelle Childs.

Other Board Members Present, Constituting Committee of the Whole: Victor Rey, Jr., and Juan Cabrera by teleconference, constituting Committee of the Whole.

Also Present: Adrienne Laurent, Clint Hoffman, Molly Heacox, Stacey Callahan, Robert Anderson, Danielle Forbes, Karen Schroeder, Derek Ames in person; Steven Kjar, Frank Salb, Audrey Parks, Scott Cleveland, and Renee Jaenicke by teleconference.

A quorum was present and the meeting was called to order at 12:01 p.m. by Regina M. Gage.

**APPROVAL OF MINUTES FROM THE PERSONNEL, PENSION AND INVESTMENT
COMMITTEE MEETING OF FEBRUARY 23, 2021**

Pete Delgado, President/Chief Executive Officer, recommended the Personnel, Pension and Investment Committee approve the minutes of the Personnel, Pension and Investment Committee Meeting of February 23, 2021. This information was included in the Committee packet.

No Public Comment.

MOTION: The Personnel, Pension and Investment Committee approves the minutes of the Personnel, Pension and Investment Committee Meeting of February 23, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Turner, Delgado, Lopez, Berry; Noes: None; Abstentions: None; Absent: Childs; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF (I) THE FINDINGS SUPPORTING RECRUITMENT OF DANIEL GALLEGOS, MD (II) THE CONTRACT TERMS FOR DR. GALLEGOS' RECRUITMENT AGREEMENT, AND (III) THE CONTRACT TERMS FOR DR. GALLEGOS' FAMILY MEDICINE PROFESSIONAL SERVICES AGREEMENT

Stacey Callahan, Physician Services Coordinator, reported on the recommendation for Board approval of the recruitment of a family medicine physician to Salinas Valley Medical Clinic. This information was included in the Committee packet.

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a physician specializing in family medicine as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of Family Medicine is recommended as a top priority for recruitment. Furthermore, the transition of Salinas Family Practice Medical Clinic into Salinas Valley Medical Clinic PrimeCare North Salinas and the retirement of one of its physicians in April, emphasizes the need for an additional physician to join the group.

Daniel Gallegos, MD, is the physician recommended for recruitment. This recruitment requires the execution of a two-year Professional Services Agreement, and a Recruitment Agreement for Dr. Gallegos. The compensation proposed has been reviewed by independent valuation and compensation consulting firms to confirm the terms contemplated are fair market value and commercially reasonable.

No Public Comment.

MOTION: The Personnel, Pension and Investment Committee recommends that the Board of Directors make the following findings supporting recruitment of Daniel Gallegos, MD: (i) the recruitment of a family medicine physician to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and (ii) the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District; and further, approve the contract terms of the Recruitment Agreement for Dr. Gallegos, and the contract terms of the Family Medicine Professional Services Agreement for Dr. Gallegos, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Turner, Delgado, Lopez, Berry; Noes: None; Abstentions: None; Absent: Childs; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF (I) THE FINDINGS SUPPORTING RECRUITMENT OF PATRICIA MAYER, MD (II) THE CONTRACT TERMS FOR DR. MAYER'S RECRUITMENT AGREEMENT, AND (III) THE CONTRACT TERMS FOR DR. MAYER'S FAMILY MEDICINE PROFESSIONAL SERVICES AGREEMENT

Stacey Callahan, Physician Services Coordinator, reported on the recommendation for Board approval of the recruitment of a family medicine physician to Salinas Valley Medical Clinic. This information was included in the Committee packet.

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a physician specializing in family medicine as a recruiting priority for the hospital's

service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of Family Medicine is recommended as a top priority for recruitment. Furthermore, the transition of Salinas Family Practice Medical Clinic into Salinas Valley Medical Clinic PrimeCare North Salinas on April 1, 2021. In addition to the retirement of an established physician, the need for a physician proficient with the electronic health record as well as to support the growth of the practice, is anticipated.

Patricia Mayer, MD, is the physician recommended for recruitment. This recruitment requires the execution of a two-year Professional Services Agreement, and a Recruitment Agreement for Dr. Mayer. The compensation proposed has been reviewed by independent valuation and compensation consulting firms to confirm the terms contemplated are fair market value and commercially reasonable.

MOTION: The Personnel, Pension and Investment Committee recommends that the Board of Directors make the following findings supporting recruitment of Patricia Mayer, MD: (i) the recruitment of a family medicine physician to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and (ii) the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District; and further, approve the contract terms of the Recruitment Agreement for Dr. Mayer, and the contract terms of the Family Medicine Professional Services Agreement for Dr. Mayer, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Turner, Delgado, Lopez, Berry; Noes: None; Abstentions: None; Absent: Childs; Motion Carried.

FINANCIAL AND STATISTICAL REVIEW

Augustine Lopez, Chief Financial Officer, provided a financial and statistical performance review for the month ending February 28, 2021. This information was included in the Committee packet.

Key highlights of the consolidated financial summary for February were: (1) income from operations was \$3.3 million with an operating margin of 6.1%, including \$5.8 million total normalizing items (net); (2) gross revenues were favorable to budget; (3) payor mix was unfavorable to budget; (4) total normalized net patient revenues were favorable to budget; (5) average daily census was above budget; (6) stronger than expected patient volumes in infusion therapy and cardiology; (7) inpatient and outpatient surgeries were lower than expected; (8) labor productivity was unfavorable to budget; and (9) the total acute average length of stay and the Medicare average length of stay case mix index adjusted were unfavorable to budget.

March data shows an increase in surgical volume and hospital admissions.

REVIEW INVESTMENT PERFORMANCE FOR QUARTER ENDING DECEMBER 2020 OF SVMHS'S 403(B) PLAN, 457 PLAN AND EMPLOYEE PENSION PLAN

Augustine Lopez, Chief Financial Officer, introduced Steven Kjar, Vice President, Lockton Investment Advisors, LLC, (LIA), and Frank Salb, LIA's Chief Investment Officer, and Chair of the 3(38) Discretionary Investment Committee, who provided an overview of the market, investment strategy and investment performance for the quarter ending December 2020 of SVMHS's 403(b) plan, 457

Deferred Compensation Plan, and the Employees' Defined Benefit Pension Plan. This information was included in the Committee packet.

The 403(b) Retirement Plan and Section 457 Plan

Highlights of the state of the economy and market for fourth quarter 2020, reviewed by Mr. Salb were:

- Economic recovery continued in the fourth quarter but at a slower pace.
- Retail sales are positive, while manufacturing is below where they were prior to the pandemic.
- Unemployment remains at an elevated level, but it has improved considerably since the highs reached in April, 2020 as businesses reopen.
- Inflation expectations are rising due to a recovering economy and stimulus.
- Interest rates remain anchored although there has been considerable movement in fixed income.
- Long-term rates have been rising but remain at historically low levels.
- The stock market continued its strong recovery, leading to new all-time highs and increasingly lofty valuations. Information technology was the clear leader with energy and industrial sector improving.
- Long duration bonds may be difficult as interest rates rise.

The 403(b) Retirement Plan and 457 Deferred Compensation Plan utilize the same fund lineup. Total assets of the 403(b) plan as of December 31, 2020 were \$90,468,848; and total assets of the 457 Deferred Compensation Plan were \$13,960,442. The investment lineup developed for the defined contribution plans provides an adequate number of investment alternatives to provide diversification, including active and passively managed funds and target date allocations, as well as low volatility. In addition, the investment returns are currently meeting expectations and passing the scorecard metrics established for the funds. Approximately 46% of 403(b) plan participants are invested in the American Century One Choice (target date funds); 20% in fixed income; and 34% in equities. This review showed that participants are generally invested in a broad array of investment alternatives, which is appropriate for a defined contribution plan. Participant investments are similar for the 457 plan.

Mr. Kjar reported that Lockton updated the fund lineups in December 2019 which generally retained the current fund lineup but moved the investments to less expensive, institutional share classes. This strategy reduced investment expense ratios for plan participants.

Defined Benefit Pension Plan

Performance of the portfolio as of December 31, 2020, was reviewed by Mr. Salb as follows:

Quarter	11.27%
Quarter benchmark	9.99%
One year	12.63%
One year benchmark	12.14%
Three Year	8.55%
Three Year Benchmark	8.56%
Annualized (since inception February 17, 2016)	10.87%

Total assets of the defined benefit plan as of December 31, 2020 were \$386,005,926. Funds are well diversified in a number of different asset classes and are currently passing fund scorecard metrics established for the plan with the exception of the real estate fund which is underperforming. Over the

longer term, the real estate fund is a moderate performer and is not currently on watch. Lockton does not recommend any changes and will continue to monitor performance.

Mr. Kjar reported that in 2016, an asset allocation investment strategy of approximately 40% fixed income, 55% equities, and 5% real estate was developed for the Plan. Objectives were to provide a well-diversified portfolio, with lower than market level of risk and low volatility. The investment lineup is an attempt to reflect those objectives. With challenges of the market due to the COVID-19 epidemic, as of March 31, 2020, the plan's asset allocation was approximately 45% fixed income, 51% equities and 4% real estate. In early April 2020, Lockton's 3(38) Discretionary Committee and Hospital Administration discussed the market and decided to rebalance the portfolio back to the target investment strategy. Then in December 2020, when the market produced an asset allocation for assets of the Plan of approximately 61% equities, 4% real estate, and 35% fixed income, the Committee approved a change in asset allocation to 65% equities (including real estate), and 35% fixed income. This allocation reflected challenges with bond yields and was designed to align the investments with the District's objectives. The portfolio has not been rebalanced since that time. The current asset allocation is approximately 67-68% equities (including 4% real estate), and 33% fixed income. In December 2020, the Committee decided not to move to 70% equities as this would provide additional risk, but let it move beyond 65%.

There was brief discussion among the Committee regarding the \$1.9 million economic stimulus implemented by the federal government and its impact on the market, and the new administration's tax proposal to increase capital gains taxes for those earning over \$1 million annually.

The Committee commended Lockton for their diligence in selecting, monitoring, and replacing investment alternatives for the Plans to improve performance while working closely with the Hospital. This review included reducing the discount rate and investment return assumption in recent years which will continue to be monitored.

PUBLIC INPUT

None.

NO CLOSED SESSION

ADJOURNMENT

There being no other business, the meeting was adjourned at 1:05 p.m. The April 2021 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, April 27, 2021, at 12:00 p.m.**

Regina M. Gage, Chair
Personnel, Pension and Investment Committee

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**RECOMMENDATIONS OF THE MARCH 2021 PERSONNEL,
PENSION AND INVESTMENT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**March Committee Meeting
Meeting of March 23, 2021
To the Board of Directors**

1. **RECOMMEND BOARD APPROVAL OF (I) THE FINDINGS SUPPORTING RECRUITMENT OF DANIEL GALLEGOS, MD (II) THE CONTRACT TERMS FOR DR. GALLEGOS' RECRUITMENT AGREEMENT, AND (III) THE CONTRACT TERMS FOR DR. GALLEGOS' FAMILY MEDICINE PROFESSIONAL SERVICES AGREEMENT**

RECOMMENDATION: Recommends that the Board of Directors make the following findings supporting recruitment of Daniel Gallegos, MD: (i) the recruitment of a family medicine physician to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and (ii) the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District; and further, approve the contract terms of the Recruitment Agreement for Dr. Gallegos, and the contract terms of the Family Medicine Professional Services Agreement for Dr. Gallegos, as presented.

2. **RECOMMEND BOARD APPROVAL OF (I) THE FINDINGS SUPPORTING RECRUITMENT OF PATRICIA MAYER, MD (II) THE CONTRACT TERMS FOR DR. MAYER'S RECRUITMENT AGREEMENT, AND (III) THE CONTRACT TERMS FOR DR. MAYER'S FAMILY MEDICINE PROFESSIONAL SERVICES AGREEMENT**

RECOMMENDATION: Recommends that the Board of Directors make the following findings supporting recruitment of Patricia Mayer, MD: (i) the recruitment of a family medicine physician to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and (ii) the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District; and further, approve the contract terms of the Recruitment Agreement for Dr. Mayer, and the contract terms of the Family Medicine Professional Services Agreement for Dr. Mayer, as presented.



Salinas Valley Memorial Healthcare System

2021 Q1 Portfolio Review

April 27, 2021

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 - Commercial Paper Executive Summary

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SECTION 1

Capital Markets Overview

Capital Markets Overview

Topics of Discussion:

- Rates
- Growth
- Earnings
- Valuations
- Risk & Opportunities
 - Pandemic Shock
 - Supply Shock
 - Demand Shock
 - Financial Assets
 - Oil Price Shock
 - Pandemic Response
 - Monetary Policy – Stimulus
 - Fiscal Policy – Stimulus
 - U.S. Political Climate
 - Further Stimulus?

Benchmark	YTD 2021*	2020	Prior Peak to Trough**	Since Market Trough***
BC Aggregate	(3.17%)	7.49%	(0.94%)	6.40%
BC Gov 1-3 Year	(0.08%)	3.15%	2.06%	0.60%
BC Credit Baa	(3.91%)	9.40%	(15.79%)	26.35%
BC High Yield	1.23%	7.09%	(15.76%)	33.53%
FTSE WGBI	(4.33%)	7.96%	2.83%	(0.09%)
JPM EM Bonds	(4.19%)	5.24%	(20.70%)	29.70%
MSCI ACWI	6.92%	16.77%	(33.60%)	71.16%
S&P 500	9.00%	18.34%	(33.79%)	70.18%
Russell 2000	14.95%	19.90%	(40.66%)	99.05%
MSCI ACWI ex US	5.13%	11.09%	(32.91%)	66.56%
MSCI EM	4.09%	18.63%	(31.15%)	73.98%
HFRI FOF Comp	1.76%	9.89%	(1.28%)	10.75%
90-Day T-Bill	0.02%	0.58%	0.14%	0.22%

*YTD as of 4/5/2021

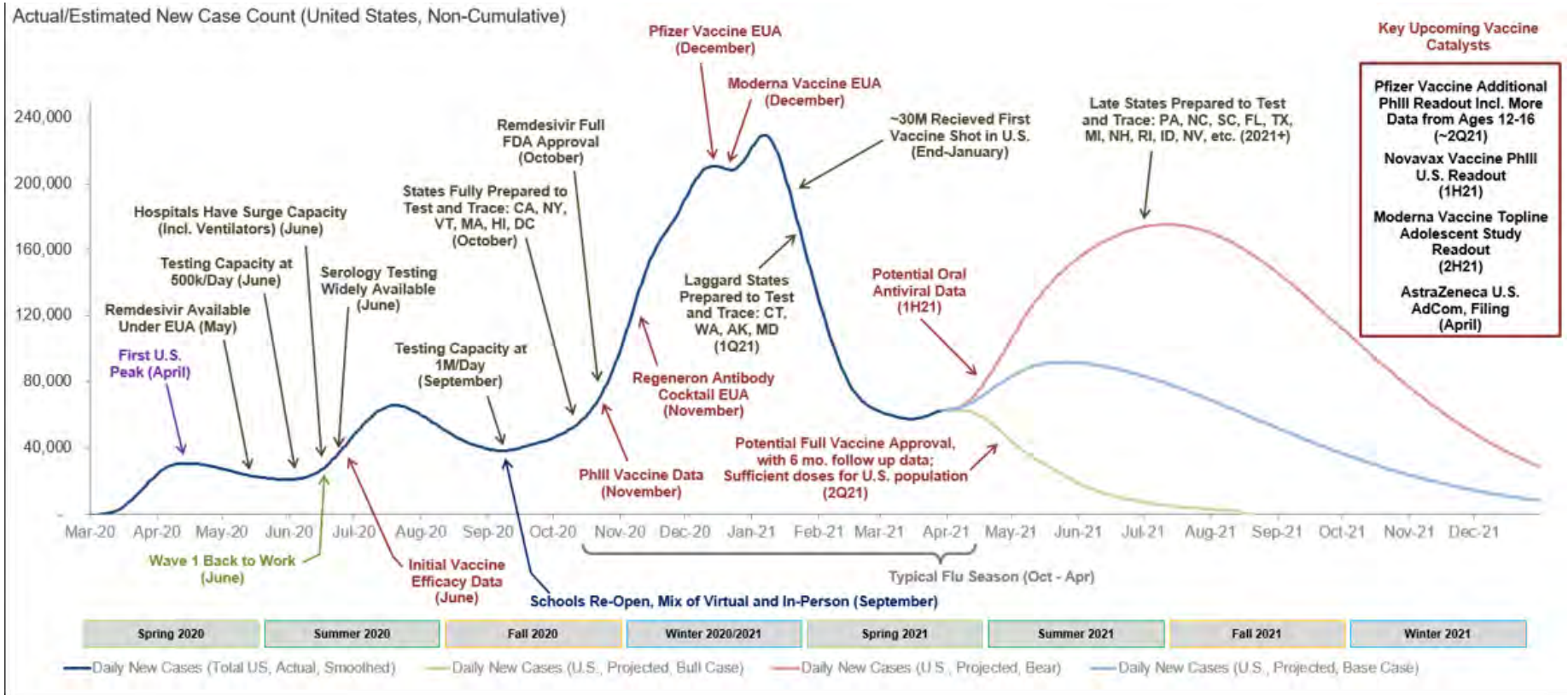
**Prior Peak to Trough: 2/19/2020-3/23/2020

***Since Market Trough: 3/23/2020-12/31/2020

Data Source: Morningstar Direct, PARis Investment Metrics, Morgan Stanley Global Investment Committee, Addepar

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

Back to Work Chart and Upcoming Vaccine Catalysts



Data Source: Morgan Stanley Research. COVID-19 Vaccine: Vaccine Rollout and Reopening Tracking. April 1, 2021

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Current Indicators: Fixed Income Valuation

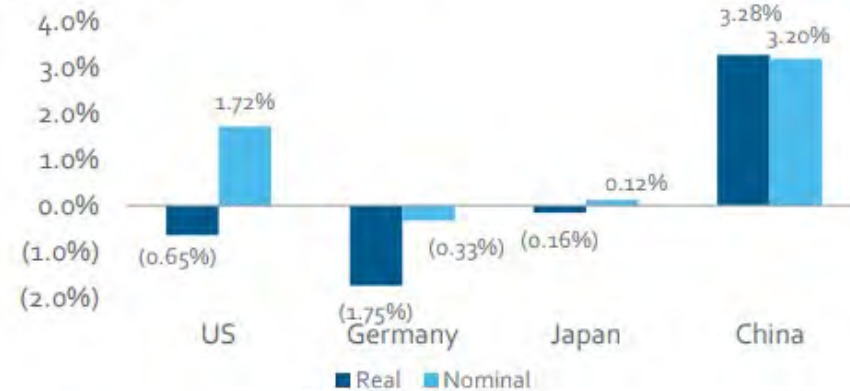
Treasury Valuation by Maturity

As of April 2, 2021

US Treasury Benchmark	Yield (%)			Total Return (%)
	Current	ΔWTD	ΔYTD	YTD
3-Month	0.01	0.00	-0.05	0.02
2-Year	0.19	0.05	0.07	-0.11
5-Year	0.98	0.11	0.62	-2.56
10-Year	1.72	0.05	0.81	-6.88
30-Year	2.36	-0.02	0.71	-15.08
2-Yr./10-Yr. Spread (bp)	153.54	-0.19	74.33	-
10-Yr. TIPS Breakeven (bp)	237.10	1.20	38.42	-
Interest Rate Volatility† (bp)	63.71	2.22	-2.87	-

10-Year Global Government Bond Yields

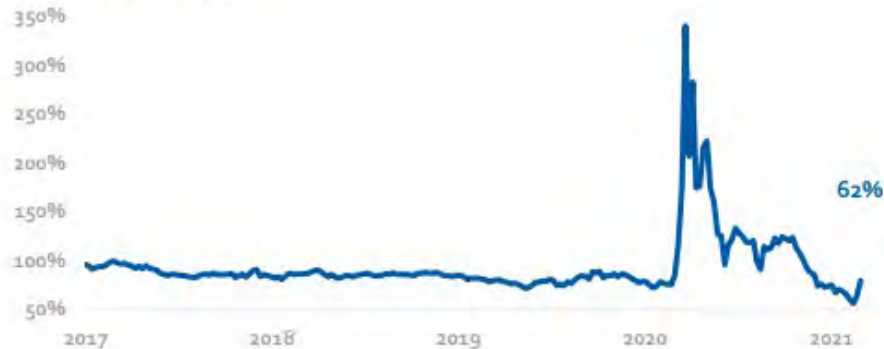
As of April 2, 2021



10-Year Relative Value Ratio (Municipal Yield/Treasury Yield)

As of April 2, 2021

% of Corresponding USTs



Source: Bloomberg, Haver Analytics, Evercore ISI Investor Surveys, Commitments of Traders (COT) Report, Morgan Stanley Wealth Management GIC. Option Adjusted Spread (OAS) is a measurement of the spread of a fixed income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time.

Fixed Income Valuation by Rating

As of April 2, 2021

Investment Grade	Duration (Yrs.)	Yield-to-Worst (%)	OAS (bp)	Rich	OAS Range**		Cheap
					Past Two Years (bp)		
MBS*	4.57	1.85	14	10	◆	●	132
AAA	5.78	1.36	7	6	◆	●	54
AA	8.01	1.77	50	49	◆	●	200
A	8.20	2.04	71	69	◆	●	304
BBB	8.52	2.55	112	112	◆	●	473
High Yield							
BB	4.53	3.33	219	163	◆	●	858
B	2.91	4.44	326	292	◆	●	1,147
CCC	2.49	6.33	531	527	◆	●	1,815

◆ Current ● Two Years Average

Chart Source: Morgan Stanley Markets Library – Current Indicators

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Comparison of Valuation Multiples

(as of April 1, 2021)

Asset Class	Prior Market Top Valuation 2/14/2020		Market Bottom Valuation 3/20/2020		Current Valuation 4/1/2021	
	Current	Average	Current	Average	Current	Average
Cash						
90-Day US Treasury Bills	1.58	1.65	1.58	1.63	0.04	1.33
Global Equities (P/E)						
US Large-Cap Growth	27.0	20.0	18.8	19.9	33.6	19.4
US Large-Cap Value	14.9	13.6	10.0	13.6	17.2	13.5
US Mid-Cap Growth	28.3	24.6	18.9	24.0	40.7	21.6
US Mid-Cap Value	15.3	14.4	8.8	14.4	18.4	14.5
US Small-Cap Growth	31.2	23.8	19.2	23.7	45.3	24.2
US Small-Cap Value	16.8	17.3	9.5	17.3	20.0	17.7
Europe Equity	15.1	13.6	11.1	13.6	17.0	13.3
Japan Equity	14.4	17.8	11.0	17.7	17.6	16.8
Asia Pacific ex Japan Equity	16.6	14.4	12.5	14.4	17.7	14.4
Emerging Markets	12.9	11.0	10.3	11.0	15.1	11.3
Global Fixed Income (Spread)						
Short-Term Fixed Income	11.0	31.0	92.0	31.0	10.0	31.0
US Fixed Income	41.0	53.5	127.0	52.5	32.0	51.5
International Fixed Income	37.0	49.0	78.0	49.0	34.0	48.0
High Yield	436.0	494.5	1119.0	494.5	374.0	483.5
Emerging Markets Fixed Income	294.0	322.5	637.0	322.5	266.0	318.0
Major Indices (P/E)						
S&P 500	18.9	15.5	13.3	15.5	22.1	15.4
Russell 2000	23.5	21.2	15.5	20.5	30.1	21.3
MSCI EAFE	15.0	14.3	11.2	14.2	17.2	13.9
MSCI AC World	16.8	14.9	12.2	14.8	19.5	14.7

Notes:

Current - As of date Indicated

Average - 20-year average as of date indicated

Source: The GIC Weekly Equity Market Relative Valuation

Macro Forecast – Equities

Region/ Country	Index Name	Scenario	Index Value	MS Target Multiple 12M Forward	EPS				EPS Growth			
					2019 Act	2020 Act	2021 Est	2022 Est	2019 Act	2020 Act	2021 Est	2022 Est
US	S&P 500	Base	3900	20.3	163.0	140.0	176.0	194.0	0.4	-13.9	25.4	10.0
Europe	MSCI Europe	Base	1730	16.5	100.0	67.0	87.0	105.0	-2.0	-33.0	30.0	20.0
UK	FTSE 100	Base	7400	15.0	535.0	305.0	412.0	494.0	-4.0	-43.0	35.0	20.0
Japan	Topix	Base	2050	16.0	110.5	79.0	105.3	128.0	-9.8	-13.4	33.2	21.6
EM	MSCI EM	Base	1330	14.0	73.7	63.0	83.0	95.0	-0.9	-5.0	31.7	14.5
Asia	MSCI APxJ	Base	700	16.0	34.1	31.3	39.0	44.0	-0.3	-2.0	24.6	12.8
Hong Kong	Hang Seng	Base	29600	12.6	2350.0	1900.0	2138.0	2362.0	2.8	0.0	12.5	10.5
Hong Kong	HSCEI	Base	11300	9.0	1208.0	1000.0	1145.0	1265.0	10.4	0.0	14.5	10.5
China	MSCI China	Base	113	14.2	6.1	6.0	7.0	7.9	19.7	2.9	16.5	13.4
China	CSI300	Base	5680	14.5	299.0	303.0	349.0	391.0	6.1	0.5	15.0	12.0

Source: Morgan Stanley Research. Date as of 1 Mar 2021

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

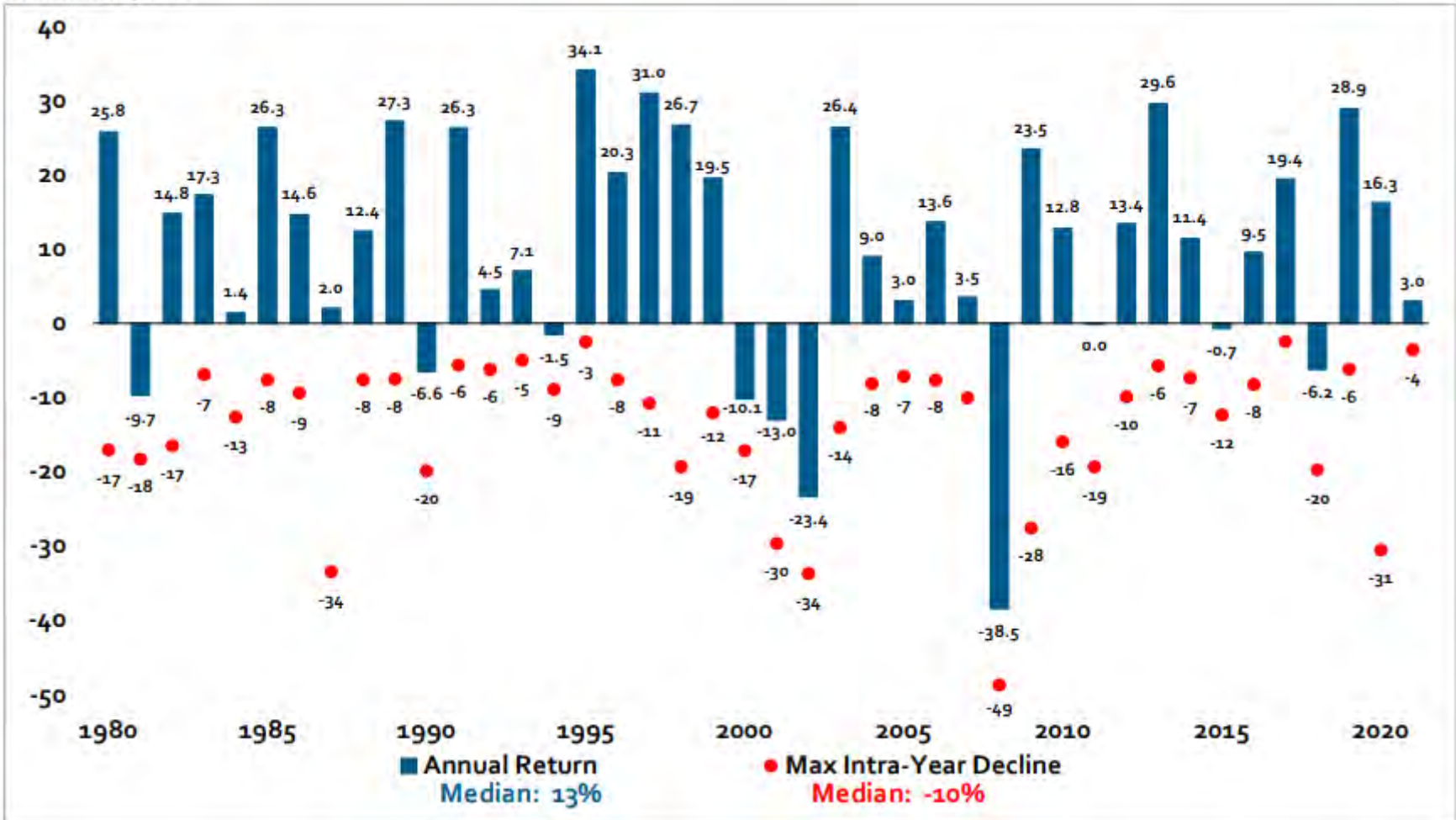
Macro Forecast – Economics

Country	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
CPI							
Global	3.0	2.8	2.9	2.7	2.5	2.5	2.6
G10	2.2	1.8	1.9	1.5	1.5	1.6	1.8
US	3.2	2.5	2.3	2.1	2.1	2.3	2.5
Euro Area	1.6	1.5	1.9	1.1	1.0	1.1	1.3
Japan	0.1	-0.2	0.7	0.2	0.2	0.3	0.3
UK	1.5	1.5	2.0	2.0	1.7	1.6	1.6
EM	3.7	3.6	3.6	3.6	3.3	3.2	3.2
GDP							
Global	12.5	6.1	5.2	5.6	5.1	4.2	3.8
G10	12.2	5.2	5.7	6.1	5.4	3.5	2.8
US	12.4	7.8	8.1	6.4	6.0	3.6	2.8
Euro Area	12.4	2.2	4.3	6.4	5.4	3.6	2.8
Japan	8.1	3.6	1.3	2.9	2.5	2.2	1.8
UK	18.5	5.3	6.0	11.2	8.6	5.6	4.6
EM	12.8	6.7	4.8	5.1	4.9	4.7	4.6
POLICY RATE							
Global	1.8	1.9	1.9	1.9	2.0	2.0	2.0
G10	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
US	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Euro Area	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
UK	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EM	3.3	3.4	3.5	3.5	3.6	3.6	3.7

Source: Morgan Stanley Research. Date as of 1 Apr 2021

S&P 500 Returns and Intra-Year Declines

As of March 1, 2021



Source: Bloomberg, Morgan Stanley Wealth Management GIC. Intra-year declines are defined as the peak-to-trough decline during the year based on price return.

Chart Source: Morgan Stanley Markets Library - Market History

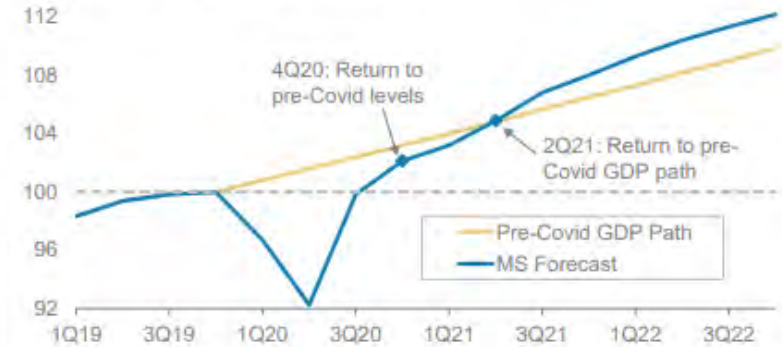
Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

Macro Outlook: Growth to Surprise to the Upside, Accelerate from March/April

- **We expect a surge in global demand from March/April:** We forecast a surge in aggregate demand that will propel global growth back to its pre-COVID-19 path by 2Q21.
- **The US consumer leads the way:** US consumers have benefited from transfers in excess of lost income by almost US\$810 billion. As the economy reopens from March/April, we see a surge in consumer spending alongside a strong recovery in the labour market.
- **Asia drives the revival of the capex cycle:** Asia capex should see the strongest growth since 2010. Exports have recovered, and capacity utilisation has risen. We expect a second acceleration in global trade growth from March/April.

We Expect a Recovery to the pre-COVID-19 Path by 2Q21

Global GDP Level (4Q19=100)



Source: Haver Analytics, Morgan Stanley Research forecasts

US Households Have Built Up a Large Savings Cushion

US Personal Excess Savings (\$ bn, not annualized)

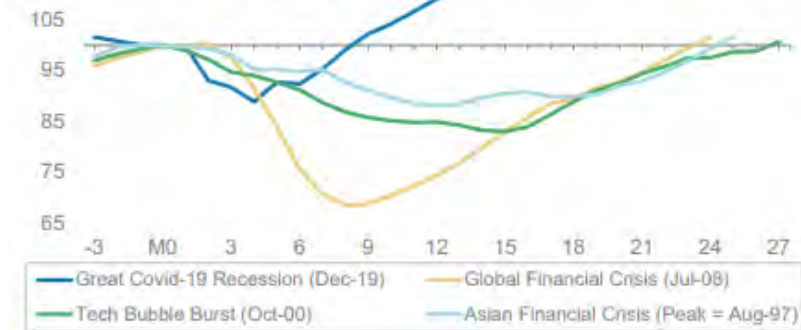


Source: BEA, Haver Analytics, Morgan Stanley Research

For more, please see [Global Macro Briefing: The Spring in Our Step \(20 Jan 2021\)](#).

Asia Exports Have Recovered Sharply

Asia* Exports (SA, 3MMA, Indexed, Peak = 100)



Source: Haver Analytics, national sources, Morgan Stanley Research: Note: *Asia includes all A+J economies and Japan.

Macro Outlook: Inflation to Overshoot 2%Y This Cycle Thanks to Better Growth + Ample Liquidity

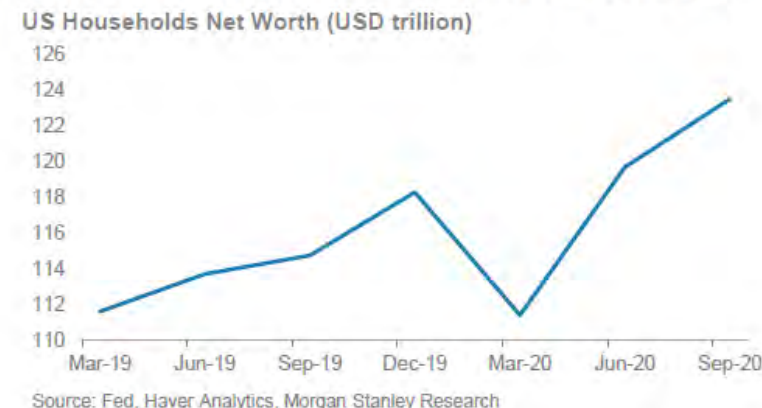
We have increased confidence in our out-of-consensus call that US core PCE will overshoot 2%Y this cycle. We name five key reasons:

- 1. Aggressive policy support:** Given the nature of this crisis, policy-makers did not hesitate to provide significant support, and have in fact strengthened the consumer. Household net worth has increased by US\$5.2 trillion since the end of 2019 while consumer credit liabilities have fallen. Consumers have the ability to ramp up spending.
- 2. Unemployment rate overstates economic loss:** About 68% of the job losses to date are also concentrated in COVID-19-sensitive sectors. They should see a rebound in labour market activity as economies reopen.
- 3. Higher near-term NAIRU:** The need for structural reallocation across sectors may raise frictional unemployment in the near term, making continued support for the unemployed necessary for longer, and thus resulting in further inflationary pressures.
- 4. Continued policy action to address inequality:** Further policy actions like the raising of minimum wages are being discussed and, if enacted, will impart an inflationary impulse.
- 5. Monetary policy remains accommodative:** The Fed has committed to its 2%Y average inflation goal, thereby allowing for a moderate overshoot and, in turn, it is less likely to hike pre-emptively at the first uptick in inflation.

We Expect US Core PCE to Overshoot 2%Y This Cycle



US Household Net Worth Has Increased by US\$5.2trn Since YE19



For more, please see [Global Macro Briefing: Don't Underestimate Inflation's Upside Risks \(5 Jan 2021\)](#).

Macro Outlook: US \$1.9 Trillion “American Rescue Plan” Passes Senate

- US\$1.9 trillion fiscal package passed earlier than expected:** The early passage of the package means that stimulus payments will likely go out in the back half of March, providing a further boost to income and spending in 1Q21. Stronger-than-expected consumption in January and February already has spending tracking higher than anticipated.
- We think that much of this spending will be ‘high multiplier’:** Money for state and local governments, public health, unemployment insurance and low-income households is likely to be spent quickly, given the pressing need. Recovery rebates (“the checks”) should also feed into the economy more quickly, if our projections on cases are correct (see next page).
- Fiscal expansion not done:** We think that an infrastructure plan may be next on the agenda, to the tune of ~US\$2 trillion. While some revenue measures will offset this, we think that overall tax increases will be well below consensus expectations.
- Tax increases will be moderate:** Although we expect a lighter touch on taxes, we see the following key increases: (1) a step-up in the corporate rate (likely at 25%), (2) restoring the highest individual income tax rate back to pre-TCJA levels, (3) some modified capital gains increases (likely at ~30% for incomes >US\$1 million), and (4) some form of a corporate alternative minimum tax.

For more, please see [US Economics: Updating Our Forecasts \(9 Mar 2021\)](#).

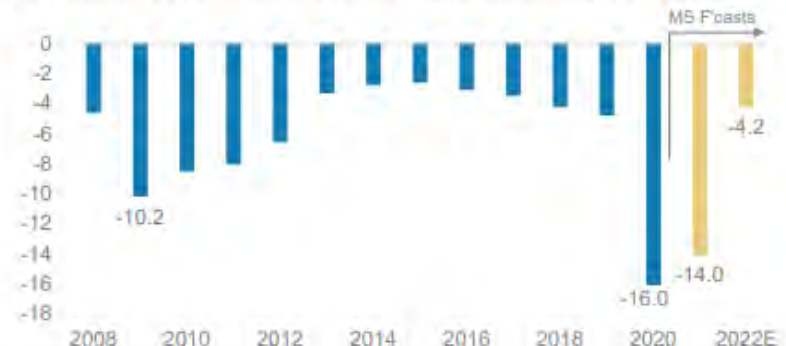
US Fiscal Stimulus by the Numbers

		CARES Act (March 2020)	Emergency Covid Relief Act (December 2020)	American Rescue Plan (March 2021)
Unemployment Insurance	Weekly Supplement	\$600	\$300	\$300
	Total Funding	\$462bn	~\$120bn	\$300bn
Recovery Rebates	Per Person	\$1,200	\$600	\$1,400
	Total Funding	\$292bn	~\$166bn	~\$400bn

Source: Morgan Stanley Research

We Expect the Fiscal Deficit to Widen in 2021

US Federal Government Headline Fiscal Balance (% of GDP)



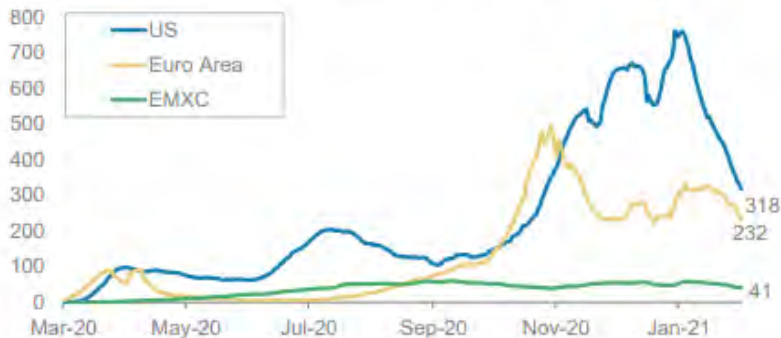
Source: BEA, Department of Treasury, Haver Analytics, Morgan Stanley Research forecasts

Macro Outlook: Vaccine Rollout Accelerating, Cases/Hospitalizations Declining

- **Near-term catalyst:** Vaccinations and warmer weather should drive a sharp decline in cases and hospitalisations during spring. Given the unequal risk that COVID-19 poses, *vaccinating 20% of the population means a much greater than 20% reduction in risks.* See [here](#) for our biotech team's model.
- **Vaccination leaders:** Israel (followed by the US and UK) is leading daily vaccinations per capita. The UK has ordered the highest number of vaccines per capita (~3.4x its population), while the US has ordered ~700 million doses (enough to fully vaccinate its population twice).
- **High-frequency indicators already showing improvement:** See [here](#) for our economists' latest update on high-frequency indicators.

Euro Area Lagged in Vaccinations, but Cases Still Improving

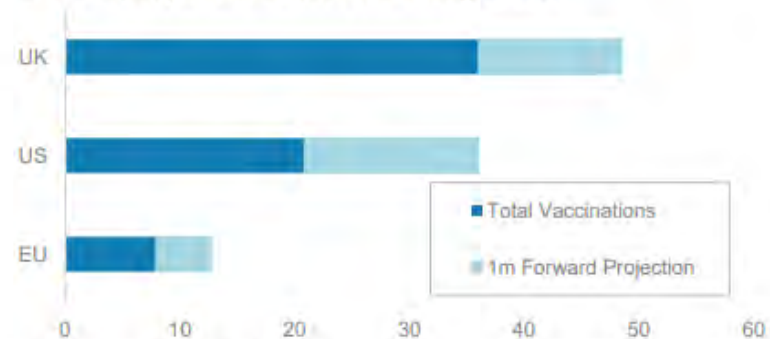
Daily new COVID-19 cases per mil population, 7 day avg



Source: John Hopkins University, WHO, CEIC, Haver Analytics, Morgan Stanley Research

Vaccination Progress: Today and 1-Month Forward

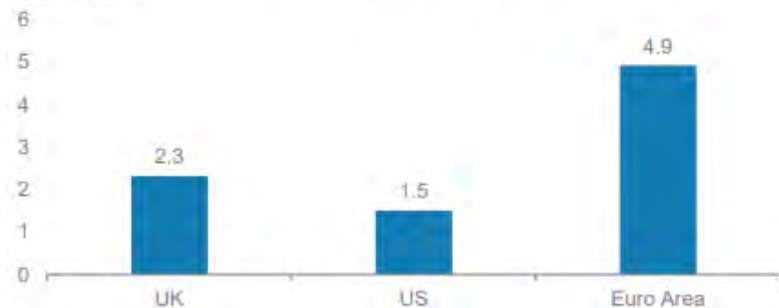
Share of people with at least one shot (per 100)



Source: Our World in Data, Morgan Stanley Research; Note: 1-Month Forward projection is based on linear extrapolation of the current data.

US and UK Close to Fully Vaccinating the Elderly

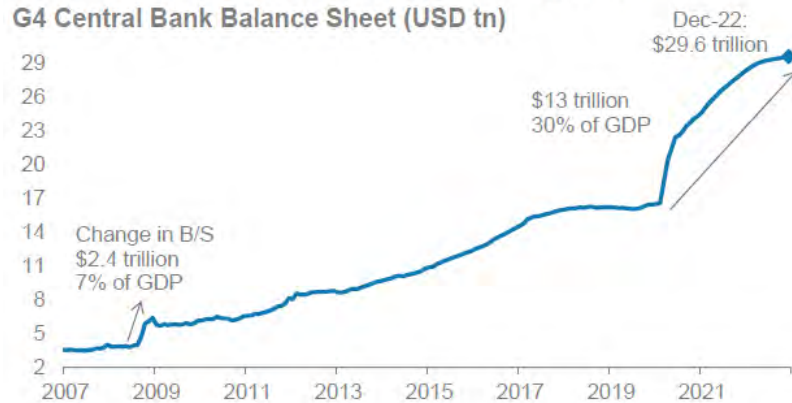
Months to full vaccination of vulnerable population at current pace (65+)



Source: OWID, UN, Morgan Stanley Research; Note: Vaccination defined as 2 doses. Estimates do not take into account already vaccinated individuals.

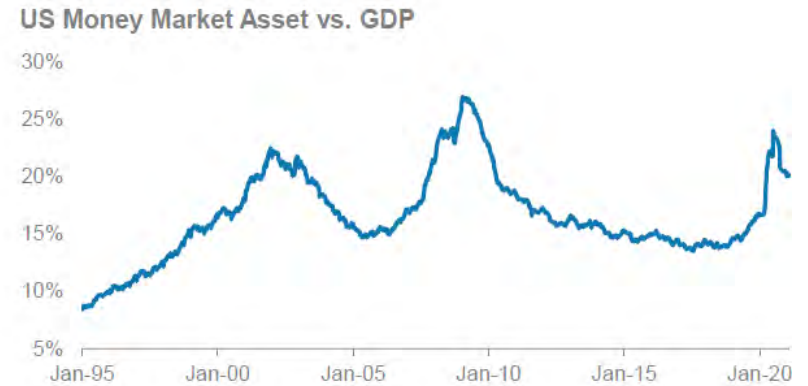
Macro Outlook: Central Banks Still Injecting Liquidity, with 'Cash on the Sidelines'

G4 Central Bank Balance Sheets – Projection



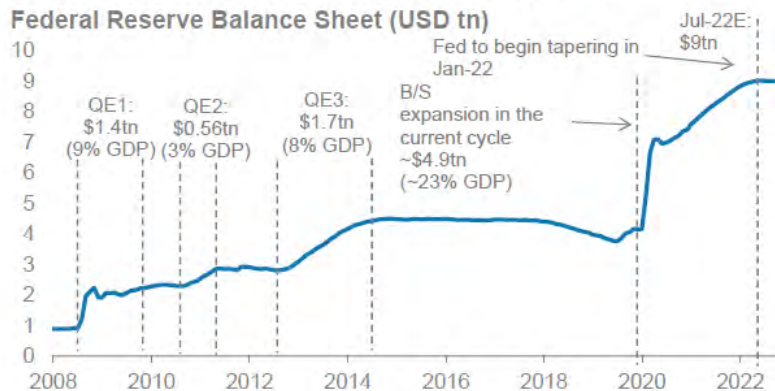
Source: Haver Analytics, national source, IMF, Morgan Stanley Research forecasts

Money Market Assets/GDP



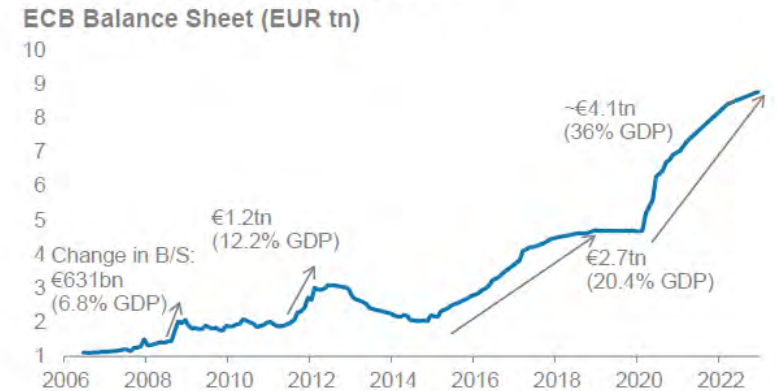
Source: Bloomberg, Morgan Stanley Research

Federal Reserve Balance Sheet – Projection



Source: Federal Reserve, BEA, Haver Analytics, Morgan Stanley Research forecasts

ECB Balance Sheet – Projection



Source: Haver Analytics, national source, IMF, Morgan Stanley Research forecasts

Summary and Outlook

The Market Environment

- In early 2020, performance of risk assets became increasingly volatile, culminating in a bear market beginning February 19th. From peak to trough, the stock market (the S&P 500) lost -34%. Between the March 23rd trough and year end, it rebounded 68%, to end the year with gains of +16%
- Sources of risk: Covid-19 pandemic, shape of the recovery, liquidity, most valuations are at the higher end of the historical ranges (i.e. investment grade credit, large growth equities, etc.)
- Policy response has been extremely robust globally via both monetary and fiscal stimulus and support.
- Current cycle has favored large/mega cap growth stocks creating a large relative performance and valuation dispersion between value stocks and growth stocks.

Areas of Opportunity

- Distressed investments in all asset classes. Opportunistically taking advantage of dislocations.
- Less liquid public credit and private credit without direct Fed support may have greater risk return tradeoff
- Active, less-constrained strategies and hedge funds can take advantage of improved alpha opportunity set (Relative Value, Event Driven, and Equity Long/Short)
- Private equity/private credit may add value via the illiquidity premium and longer time horizons
- Private real assets, including real estate and infrastructure, can offer an alternative source of income

Positioning/Recommendations

- Maintain well-diversified portfolios (by asset class, geography, investment style, and sector/industry)
- Rebalance portfolios regularly to align with strategic targets and take advantage of valuation dislocations
- Within bond portfolios, pair investments in core fixed income (for stability) with allocations to global/opportunistic fixed income (for diversification/alpha)
- To the extent permitted by each investor's Investment Policy Statement, utilize alternative strategies (hedge funds and private investments) to potentially improve the risk/return profile of the portfolio and take advantage of special opportunities and market distress.

SECTION 2

Fixed Income Markets Overview

HIGH GRADE AT A GLANCE

APRIL 1, 2021

ZAGER FIXED INCOME MANAGEMENT AT MORGAN STANLEY PRIVATE WEALTH MANAGEMENT

DREW ZAGER, MANAGING DIRECTOR / PRIVATE WEALTH ADVISOR
JOSEPH MCCULLOUGH, SENIOR VICE PRESIDENT / PRIVATE WEALTH ADVISOR

Morgan Stanley

1999 Avenue of the Stars, Suite 2400, Los Angeles, CA 90067
(310) 788-2130

HIGH GRADE AT A GLANCE – AS OF 4/01/21

MARKET YIELDS***:

Term	US Tsy	Govt Agy	(A) Corp	(A) Corp - US Tsy Spread	(AAA) MMD	(A) MMD	(AAA) - (A) MMD Spread^	(A) MMD TEY*	(A) Breakeven Tax Rate Corp / Muni**
6 MO	0.03	0.08	0.23	0.20	-	-	-	-	-
1 YR	0.06	0.11	0.28	0.21	0.09	0.19	0.10	0.32	31%
2 YR	0.16	0.18	0.41	0.24	0.15	0.29	0.14	0.49	29%
3 YR	0.34	0.37	0.66	0.32	0.27	0.48	0.21	0.81	28%
5 YR	0.91	0.92	1.33	0.42	0.52	0.79	0.27	1.33	41%
7 YR	1.37	1.37	1.91	0.54	0.78	1.09	0.31	1.84	43%
10 YR	1.68	1.81	2.47	0.80	1.11	1.43	0.32	2.42	42%
15 YR	1.91	2.08	3.02	1.11	1.33	1.71	0.38	2.89	43%
20 YR	2.24	2.36	3.23	0.99	1.53	1.91	0.38	3.23	41%
30 YR	2.34	-	3.32	0.99	1.73	2.11	0.38	3.56	37%

YIELD CURVE STEEPNESS***:

Benchmark	2/5	2/10	2/30	5/10	5/30	10/30	15/30
Treasury	74	151	217	77	143	66	43
(AAA) MMD	50	96	158	59	121	62	40

The section above illustrates the yield curve steepness of the U.S. Treasury market yields and that of the (AAA) MMD market yields, based on the rates listed in the Market Yields section. The yield curve is a line that plots the rates of bonds across different maturity dates. The yield curve steepness compares the difference in yields between the different yearly tenors shown.

ADDITIONAL MARKET DATA POINTS***:

Federal Funds Rate	0.25%
Discount Rate	0.25%
Prime Rate	3.25%
1-Month LIBOR	0.11%

INDEX INFORMATION****:

Barclays Indices	Mat Range	Mod. Dur	Avg. Mat	YTW	MTD Return	YTD Return
<u>Tax-Exempt (Federal)</u>						
Muni Short	1-5	2.45	2.86	0.42	0.01	0.09
Muni Inter/Short	1-10	3.55	5.03	0.64	0.02	(0.19)
Muni Long Term	22+	8.01	26.55	1.97	0.13	(0.34)
<u>Taxable</u>						
1-5 Year Credit	1-5	2.86	3.08	0.89	0.06	(0.51)
U.S. Interm Credit	1-10	4.53	5.04	1.46	0.20	(1.88)
U.S. Long Credit	10+	14.99	23.79	3.37	1.26	(7.24)

ECONOMIC DATA POINTS***:

GDP (YoY)	-2.4%	12/2020
GDP (QoQ)	4.3%	12/2020
Unemployment (USURTOT)	6.0%	03/2021
Employment (USERTOT)	57.8%	03/2021
Core CPI (YoY)	1.3%	02/2021
Core PCE (YoY)	1.4%	02/2021

The economic data points section above reflects the current % level of the economic indicators listed, as of the month/year listed.

*TEY: Taxable equivalent yield calculated based on a combined 40.8% federal tax, assuming a 37.0% federal marginal tax rate and a 3.8% Affordable Care Act tax.
 **TEY: [(A) MMD / (1 - Combined Tax Rates)]
 ***Breakeven Tax Rate: [1 / (A Corp / A MMD) - 1]. ^MMD spread calculation: (A) MMD yield - (AAA) MMD yield.
 SOURCE: ****BLOOMBERG, L.P., *****BARCLAYS, MMD: Municipal Market Data

SECTION 2

Consultant's Report

SVMHS – Executive Summary IPS: Intermediate Term Reserve Portfolio

Purpose:

The Intermediate Term Reserve Portfolio is designed for assets with a 3-5 year specific time-horizon. The objective is to generate total returns (income + growth) while maintaining preservation of capital and liquidity.

The portfolio will have a customized approach to optimize return given the liquidity needs of the Salinas Valley Memorial Health System which may be dynamic. The portfolio must operate within the constraints of the California Local Agency Investment Guidelines (See Addendum “B” for Specific Guidelines)

Investment Horizon:

3 to 5 Years

The Investment Horizon is the time horizon to meet the goals and objectives of the fund. It is not the average maturity of the portfolio

Investment Objectives:

Primary Objective:

Preservation Capital – To minimize the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing volatility rather than maximizing return.

Secondary Objective:

Liquidity – To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

SVMHS – Executive Summary IPS: Intermediate Term Reserve Portfolio

Return Targets:

- T-Bills plus 1%.
- Long-Term “Strategic” Benchmark: Meet or exceed a benchmark comprised of a blend of indices mirroring the long-term strategic targets.

Risk:

- Definition: Loss of capital over the investment horizon.
- Risk benchmark: Barclays 1-3 Year Government Bond Index
- Total portfolio risk: Volatility relative to the risk benchmark.

Strategic Asset Allocation:

ASSET CLASS	TARGET	MINIMUM	MAXIMUM	CONSTRAINTS
Short Term Fixed Income	100%	0%	100%	California Local Agency Investment Guidelines
Cash & Equivalents	0%	0%	100%	California Local Agency Investment Guidelines

SVMHS – Executive Summary IPS: Cash Reserve Portfolio

Purpose:

The Cash Reserve Portfolio is designed to maintain an investment reserve and liquidity.

The portfolio will consist of liquid assets readily available to fund any cash needs. The portfolio must operate within the constraints of the California Local Agency Investment Guidelines – See Addendum “B”

Investment Horizon:

60 to 90 days

The Investment Horizon is the time horizon to meet the goals and objectives of the fund. It is not the average maturity of the portfolio

Investment Objectives:

Primary Objective:

Liquidity – To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

Secondary Objective:

Preservation Capital – To minimize the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing volatility rather than maximizing return.

SVMHS – Executive Summary IPS: Cash Reserve Portfolio

Return Targets:

- To beat the rate of inflation as measured by the CPI
- Strategic Benchmark: Meet or exceed a benchmark comprised of a blend of indices mirroring the strategic targets

Risk:

- Definition: Loss of capital over the investment horizon.
- Risk benchmark: 100% 90-day T-bill Index
- Total portfolio risk: Volatility relative to the risk benchmark.

Strategic Asset Allocation:

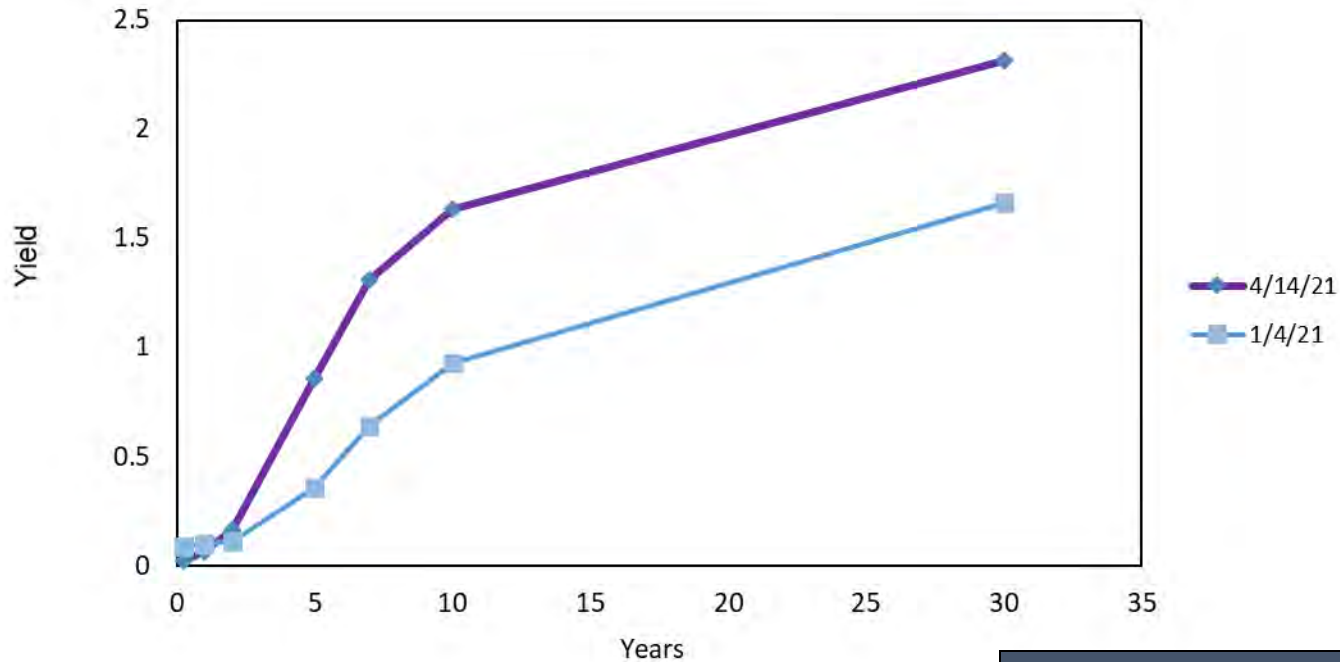
ASSET CLASS	TARGET	MINIMUM	MAXIMUM	CONSTRAINTS
Cash & Equivalents	100%	0%	100%	California Local Agency Investment Guidelines

SVMHS Update

Monthly Updates

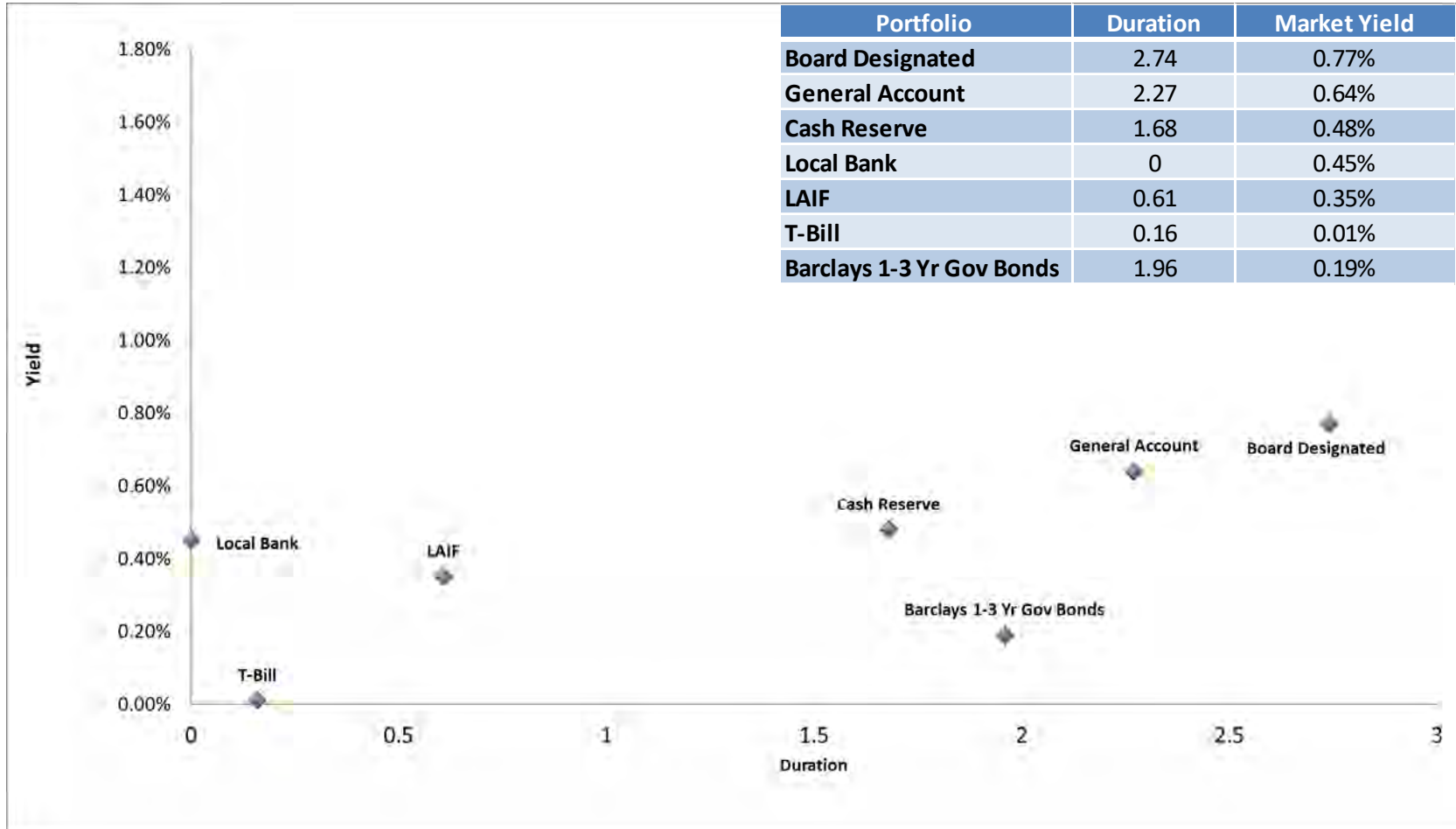
- To review cash flow needs, investment balances and compliance with SVMHS investment policy
- Graystone and CFO's office review total investment assets on a monthly basis to ensure optimization and compliance with state guidelines
- We review bank balances, LAIF funds, Board Designated, General Account and Commercial Paper Portfolio
- Continued monthly calls with the staff to review the cash flow needs for compliance

U.S. Treasury Yield Curve



Description	US Treasury Yield		2021 YTD Change
	4/14/21	1/4/21	
3 Month	0.02	0.09	-0.07
1 Year	0.061	0.1	-0.04
2 Year	0.163	0.11	0.05
5 Year	0.86	0.36	0.50
7 Year	1.307	0.64	0.67
10 Year	1.634	0.93	0.70
30 Year	2.315	1.66	0.66
Fed Funds Target	0.25	0.25	0.00

Yield vs. Duration as of 03/31/2021



Summary Statistics - Portfolio Review

As of 03/31/2021

	Board Designated	General Account	Cash Reserve	Consolidated
Market Value	\$139,527,954	\$84,821,210	\$63,259,701	\$287,608,865
Weighted Average Redemption	02/06/2024	08/15/2023	12/30/2022	09/18/2023
Weighted Average Modified Duration (yrs.)	2.74	2.27	1.68	2.36
Weighted Average Yield at Cost	1.47%	1.75%	0.55%	1.35%
Weighted Average Yield at Market	0.77%	0.64%	0.48%	0.66%
Economic Income (12 months)	\$2,013,664	\$1,461,034	\$349,051	\$3,823,849
Weighted Average Coupon	2.72%	2.74%	2.16%	2.60%
Weighted Average Credit Quality	A1/A+	A1/A+	Aa1/AA	Aa3/AA-

Please see important disclosures at the end of the material

Clearwater Analytics

Board Designated and General Account Overview

Board Designated Contributions 2021:

		Account	03/31/2021 Account Value
01/28/2021	1,000,000	Board Designated	\$139,527,954
02/26/2021	1,000,000	General Account	\$84,821,210
03/26/2021	1,000,000	Sub-Total	\$224,349,164
		Cash Reserve	\$63,259,701
		Total	\$287,608,865

Please see important disclosures at the end of the material

Clearwater Analytics

SVMHS Total Portfolio

Allocation % as of 03/31/2021

Asset	Board Designated	Average Yield	General Account	Average Yield	Cash Reserve	Average Yield	Consolidated	Market Yield
Corporate	33.03%	0.91%	41.78%	0.65%			28.34%	0.80%
Commercial Paper					5.70%	0.11%	1.25%	0.11%
Treasury								
U.S. Govt. Agency	0.72%	0.05%					0.35%	0.05%
Municipals	65.46%	0.71%	58.17%	0.62%	94.29%	0.51%	69.65%	0.63%
Money Market Funds	0.79%	0.01%	0.05%	0.01%	0.02%	0.01%	0.40 %	0.01%
Cash	0.00%	NA	0.00%	NA	0.00%	NA	0.00%	NA
Total	100%	0.77%	100%	0.64%	100%	0.48%	100%	0.66%

IPS allows for a maximum of 30% in Corporate

IPS allows for a maximum of 25% in Commercial Paper

Please see important disclosures at the end of the material

Clearwater Analytics

Aggregate Portfolio - Asset Allocation & Credit Quality

Asset Allocation

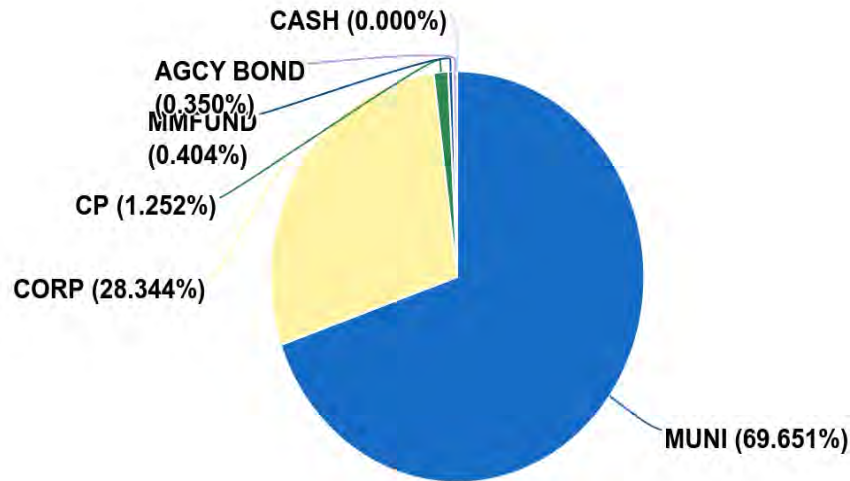


Chart calculated by: % of Total Market Value

Credit Quality

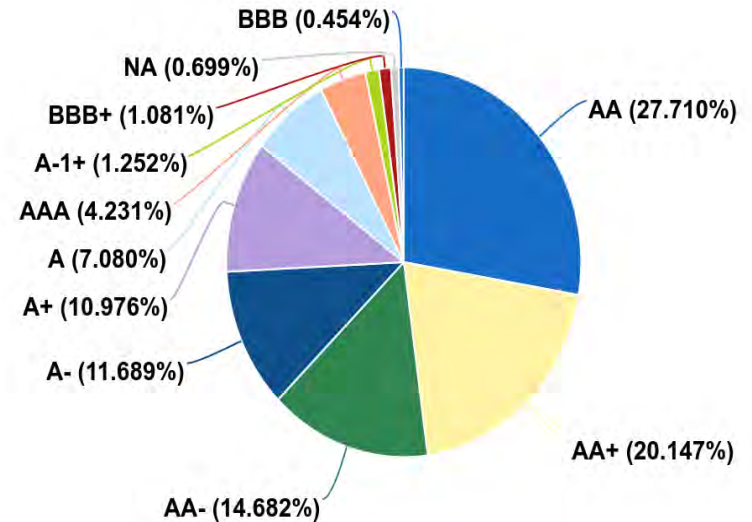


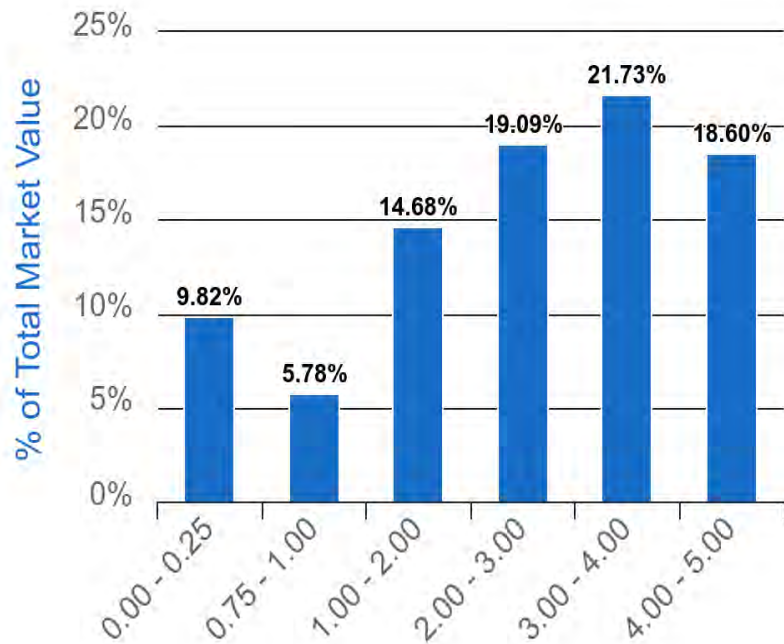
Chart calculated by: % of Total Market Value

Clearwater Analytics

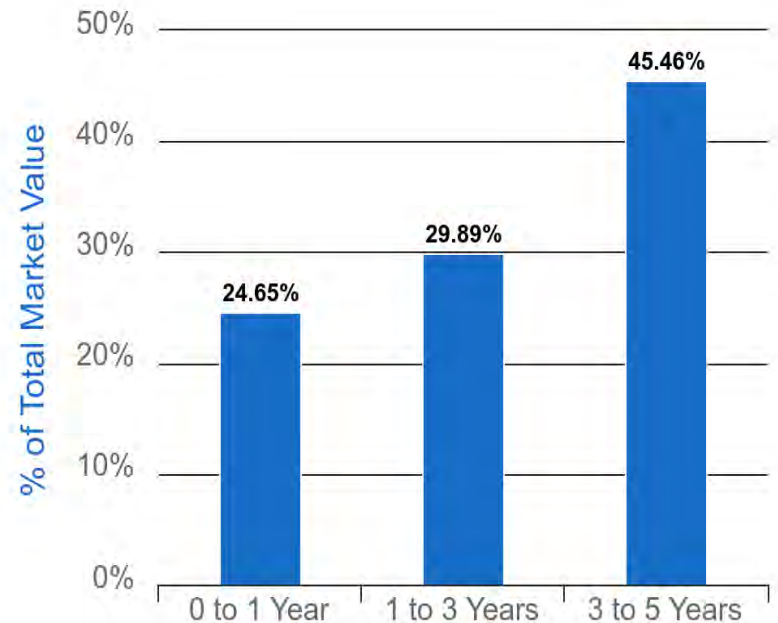
As of 3/31/2021

Aggregate Portfolio - Duration & Maturity Characteristics

Duration



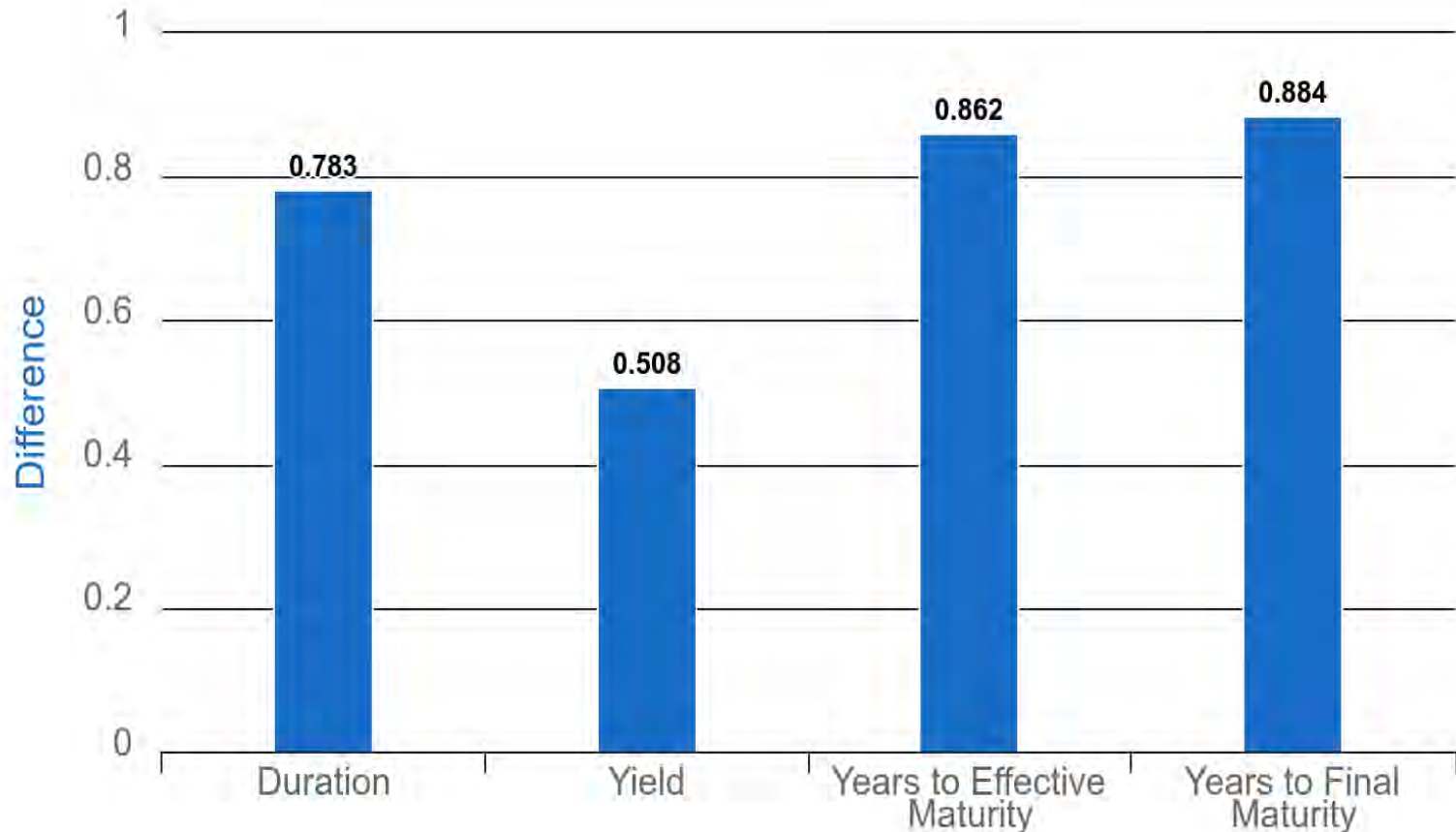
Maturity



As of 3/31/2021

Clearwater Analytics

Aggregate Portfolio Index Comparison - Summary



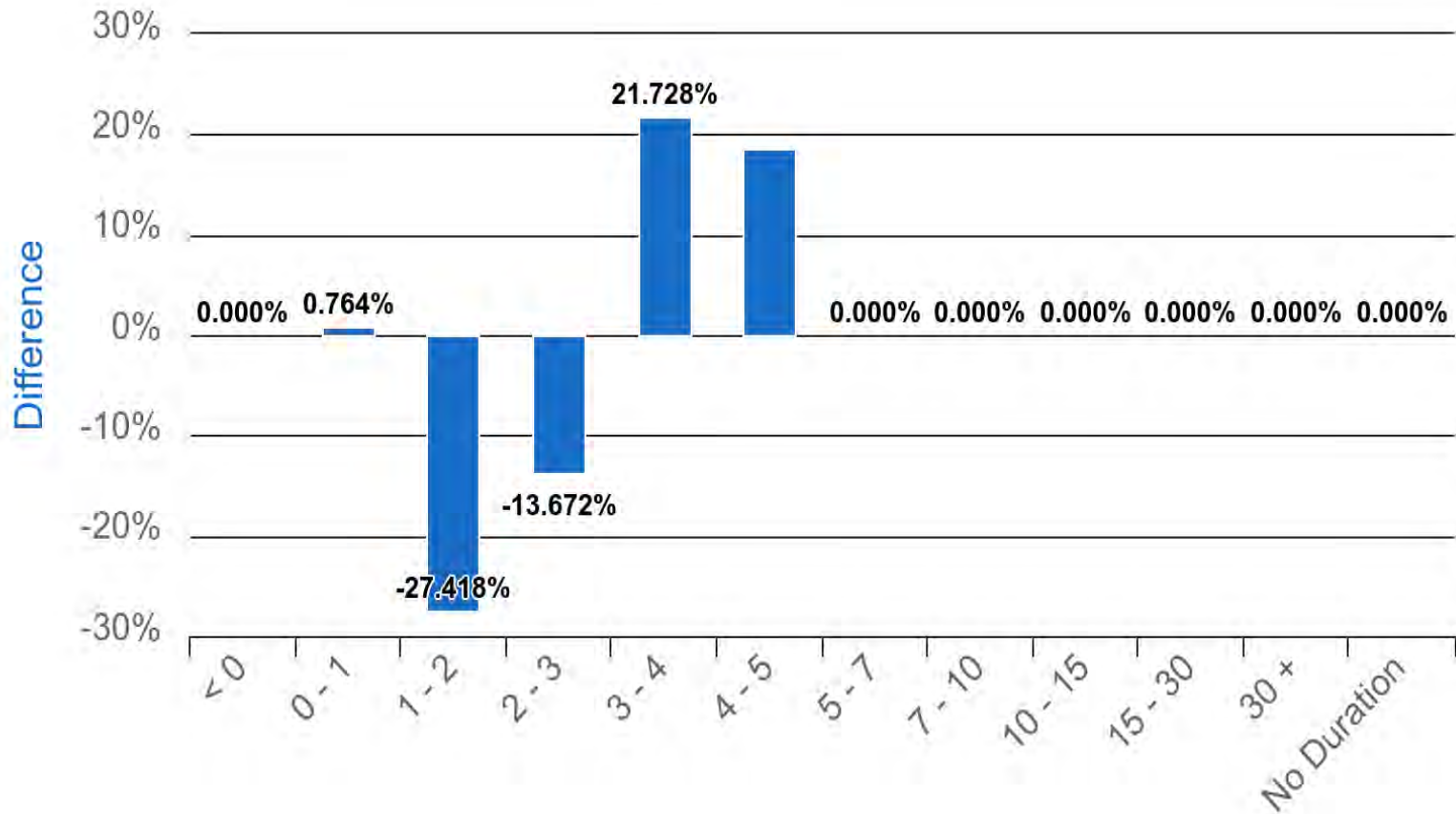
Blended Index (**77.6%** Barclays 1-3 Yr Gov / **22.4%** 1-3 Mo T-Bills)

- Board Designated: Barclays 1-3 Yr Gov (47.5%)
- General Account: Barclays 1-3 Yr Gov (30.1%)
- Cash Reserve: Barclays 1-3 Mo U.S. T-Bills (22.4%)

As of 3/31/2021

Clearwater Analytics

Aggregate Portfolio Index Comparison - Duration



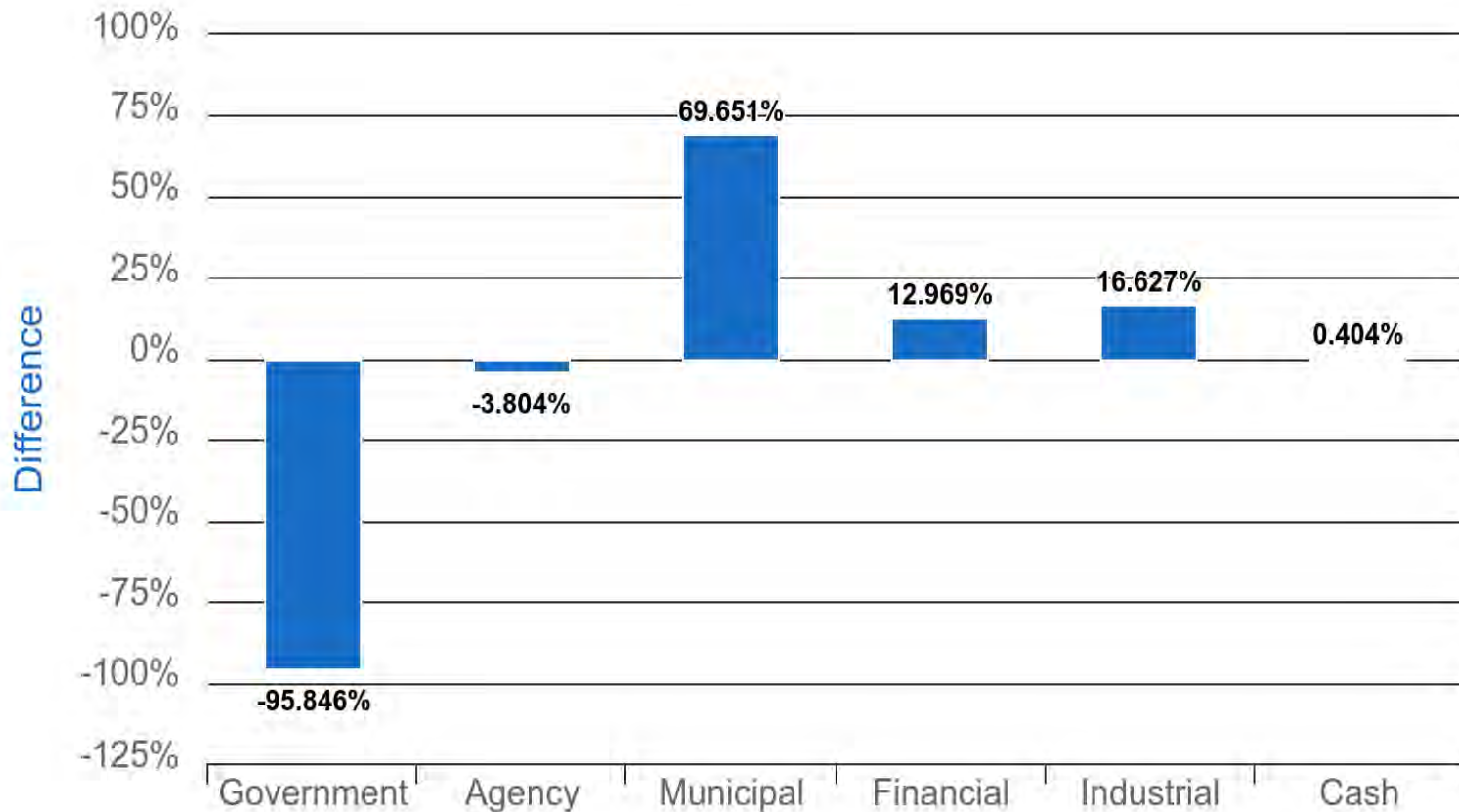
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- Board Designated: Barclays 1-3 Yr Gov (47.5%)
- General Account: Barclays 1-3 Yr Gov (30.1%)
- Cash Reserve: Barclays 1-3 Mo U.S. T-Bills (22.4%)

Clearwater Analytics

As of 3/31/2021

Aggregate Portfolio Index Comparison – Market Sector



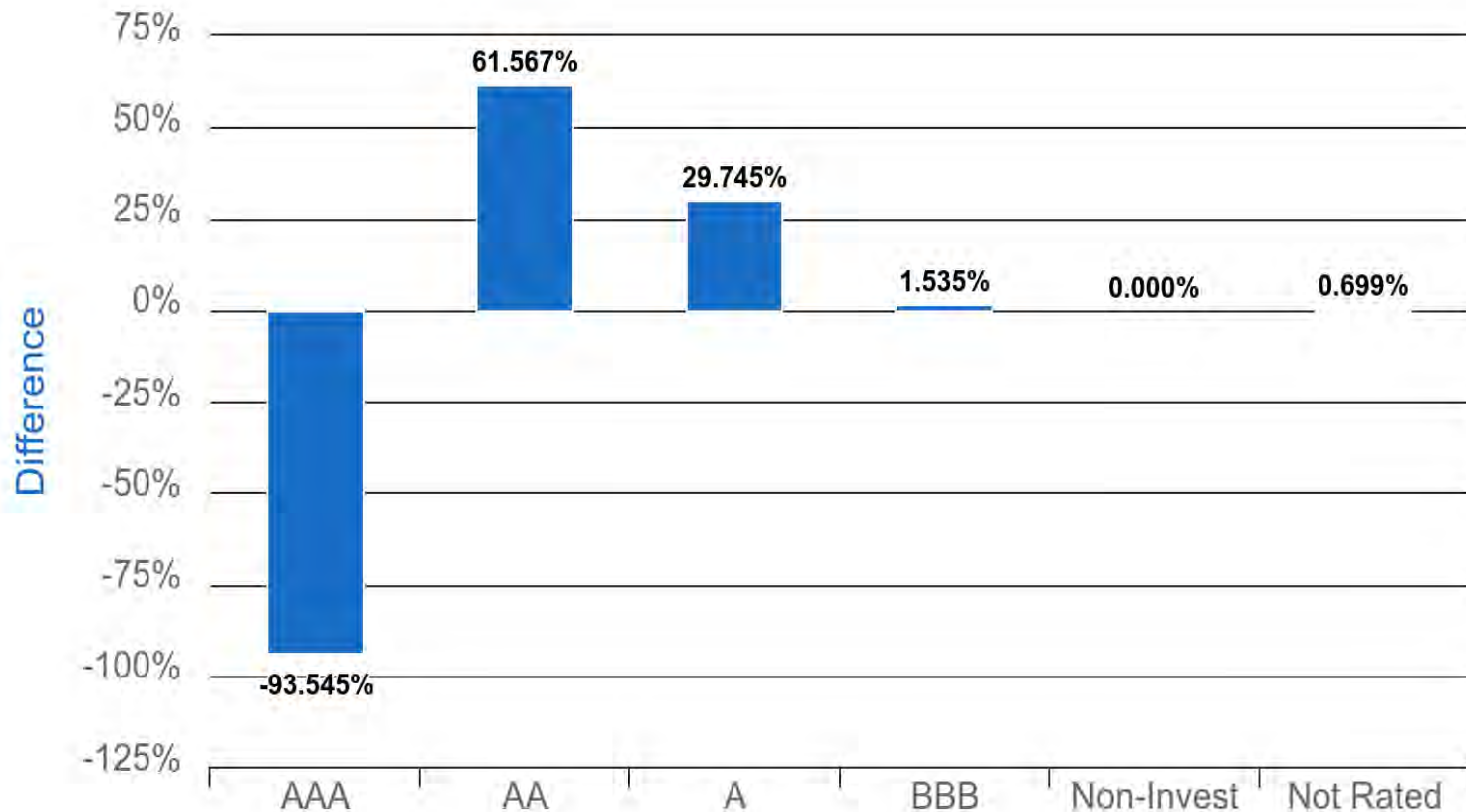
Blended Index (77.6% Barclays 1-3 Yr Gov / 22.4% 1-3 Mo T-Bills)

- Board Designated: Barclays 1-3 Yr Gov (47.5%)
- General Account: Barclays 1-3 Yr Gov (30.1%)
- Cash Reserve: Barclays 1-3 Mo U.S. T-Bills (22.4%)

As of 3/31/2021

Clearwater Analytics

Aggregate Portfolio Index Comparison – Credit Rating



Blended Index (77.6% Barclays 1-3 Yr Gov / 22.4% 1-3 Mo T-Bills)

- Board Designated: Barclays 1-3 Yr Gov (47.5%)
- General Account: Barclays 1-3 Yr Gov (30.1%)
- Cash Reserve: Barclays 1-3 Mo U.S. T-Bills (22.4%)

As of 3/31/2021

Clearwater Analytics

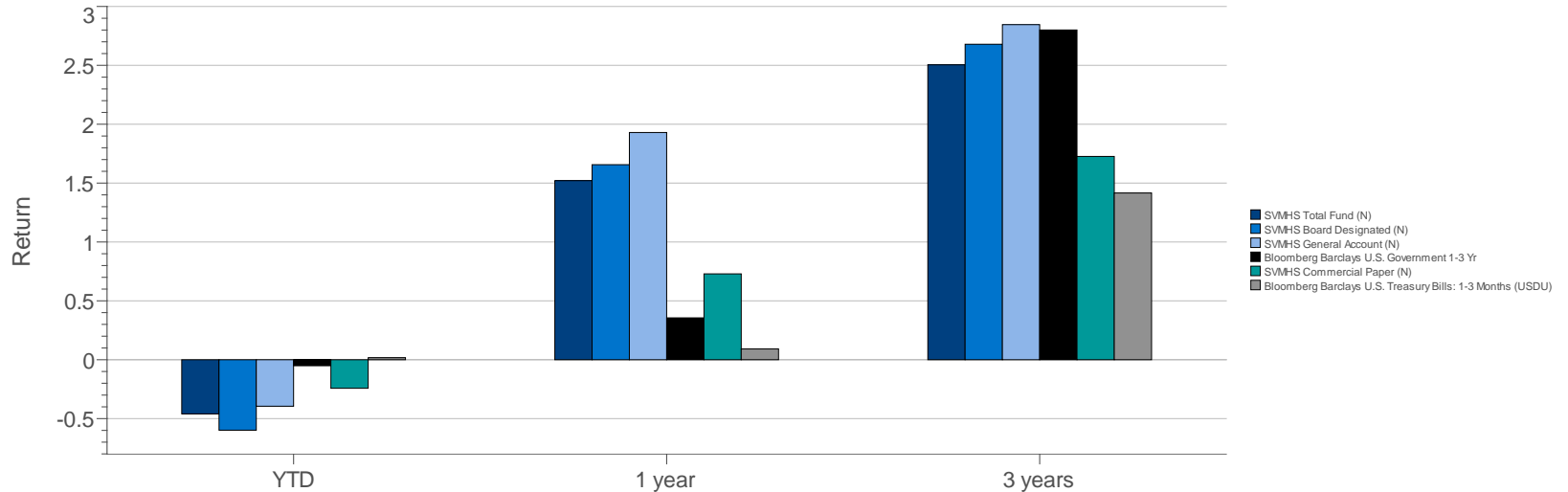
Performance – As of 03/31/21

Zephyr StyleADVISOR

Zephyr StyleADVISOR: Morgan Stanley - Newport Beach, CA

Manager vs Benchmark: Return

April 2018 - March 2021 (not annualized if less than 1 year)



Manager vs Benchmark: Return

April 2018 - March 2021 (not annualized if less than 1 year)

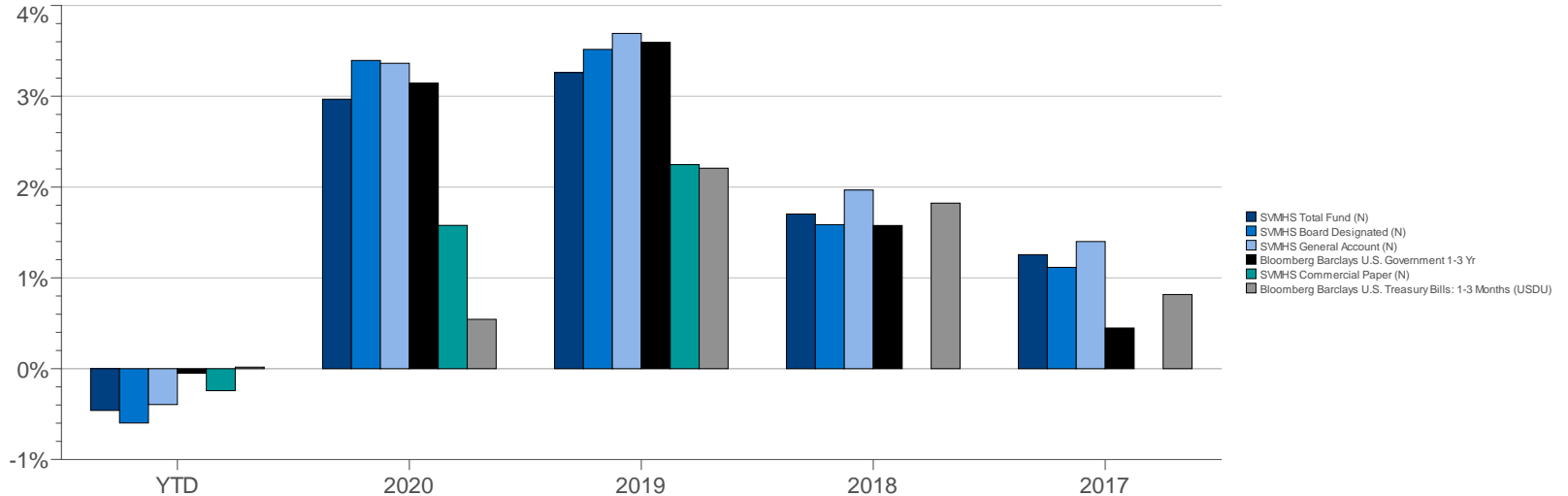
	YTD	1 year	3 years
SVMHS Total Fund (N)	-0.46%	1.52%	2.50%
SVMHS Board Designated (N)	-0.60%	1.66%	2.68%
SVMHS General Account (N)	-0.39%	1.93%	2.85%
Bloomberg Barclays U.S. Government 1-3 Yr	-0.05%	0.36%	2.80%
SVMHS Commercial Paper (N)	-0.24%	0.73%	1.73%
Bloomberg Barclays U.S. Treasury Bills: 1-3 Months (USDU)	0.02%	0.09%	1.42%

Performance – As of 03/31/21

Zephyr StyleADVISOR

Zephyr StyleADVISOR: Morgan Stanley - Newport Beach, CA

Calendar Year Return
As of March 2021



Calendar Year Return
As of March 2021

	YTD	2020	2019	2018	2017
SVMHS Total Fund (N)	-0.46%	2.97%	3.26%	1.70%	1.26%
SVMHS Board Designated (N)	-0.60%	3.39%	3.52%	1.59%	1.12%
SVMHS General Account (N)	-0.39%	3.36%	3.69%	1.97%	1.40%
Bloomberg Barclays U.S. Government 1-3 Yr	-0.05%	3.14%	3.59%	1.58%	0.45%
SVMHS Commercial Paper (N)	-0.24%	1.58%	2.25%	N/A	N/A
Bloomberg Barclays U.S. Treasury Bills: 1-3 Months (USDU)	0.02%	0.54%	2.21%	1.82%	0.82%

Portfolio Attribution

SVMH Board Designated and General Account

- Board Designated: YTD trailed benchmark by 28 bps
- General Account: YTD trailed benchmark by 17 bps
 - Positive contributors: allocation to credit and munis
 - Negative contributors: slightly higher duration than index
 - Board Designated duration: 2.74 yrs
 - General Account duration: 2.27 yrs
 - Index (Barclays US Gov 1-3 Years): 1.95 yrs
- Board Designated: 1 Year beat benchmark by 11 bps
- General Account: 1 Year beat benchmark by 28 bps
 - Positive contributors: allocation to credit and munis & slightly higher duration than index
- Board Designated: 3 Year trailed benchmark by 4 bps
- General Account: 3 Year outperformed benchmark by 16 bps
 - Positive contributors: allocation to credit and munis & slightly higher duration than index

Portfolio Positioning

- **Neutral duration** to the benchmark +/- 6 month
- **Overweight corporates** (max 30% of total)
- **Overweight munis**
- Board Designated: Current yield approximately 77 bps vs. benchmark at 19 bps
- General Account: Current yield approximately 64 bps vs. benchmark at 19 bps

Portfolio Attribution

SVMH Cash Reserve

- YTD outperformed benchmark by 47 bps
 - Positive contributors: allocation to short term munis
 - Duration: 1.68 yrs
 - Index (Barclays 1-3 Month T-bill): 0.16 yrs
- 1 Year outperformed benchmark by 47 bps
 - Positive contributors: allocation to short term munis

Portfolio Positioning

- **Overweight duration** to the benchmark
- **Overweight munis**
- Current yield approximately 48 bps vs. benchmark at 1 bps

SECTION 4

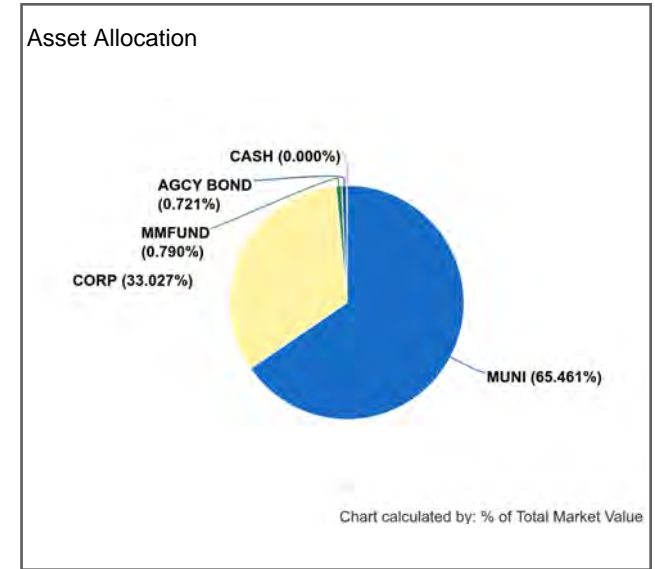
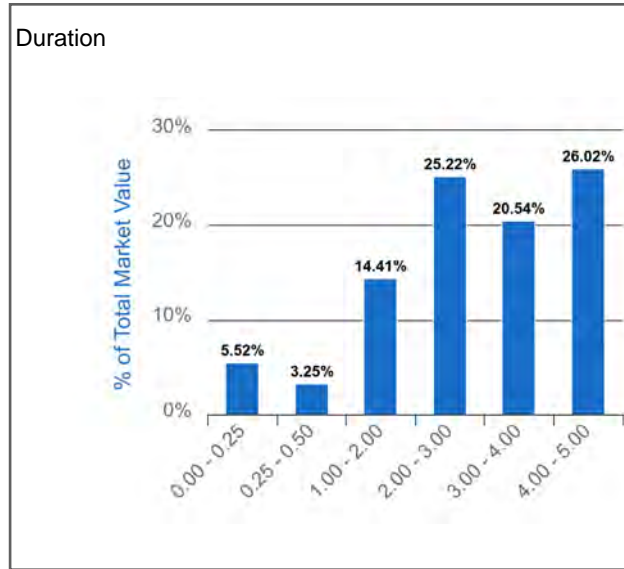
Appendix

Board Designated Executive Summary

03/01/2021 - 03/31/2021

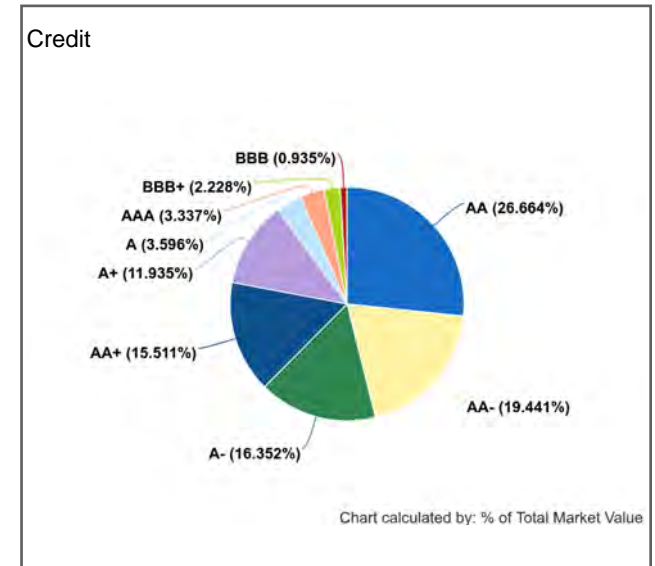
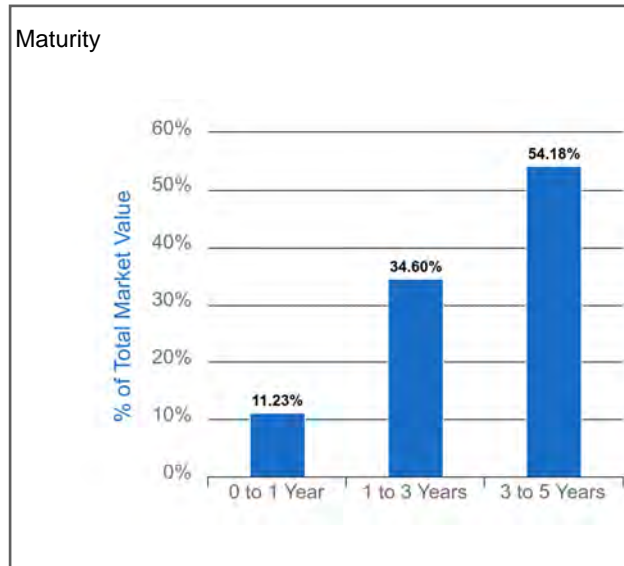
Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	139,527,954
Market Value	138,575,577
Accrued Interest	952,377
Yield at Cost	1.47
Market Yield	0.77
Modified Duration	2.74
Coupon	2.72
Unrealized G/L	1,143,809
Economic Income (12 mo)	2,013,664
Moody's Rating	A1
S&P Rating	A+
Years to Final Maturity	2.87
Years to Effective Maturity	2.85
Eff Maturity	02/06/2024

Footnotes: 1,2,3



Performance

Period	Total Return	Income Return	Price Return	Period Begin	Period End
Year to Date	-0.598%	0.373%	-0.971%	01/01/2021	03/31/2021
Trailing Month	-0.288%	0.118%	-0.406%	03/01/2021	03/31/2021
Trailing Quarter	-0.598%	0.373%	-0.971%	01/01/2021	03/31/2021
Prior Month	-0.406%	0.130%	-0.536%	02/01/2021	02/28/2021
Prior Quarter	0.466%	0.425%	0.041%	10/01/2020	12/31/2020
Prior Year	3.393%	1.934%	1.459%	01/01/2020	12/31/2020
Since Inception	8.282%	---	---	08/10/2016	03/31/2021



SVMHS Board Designated

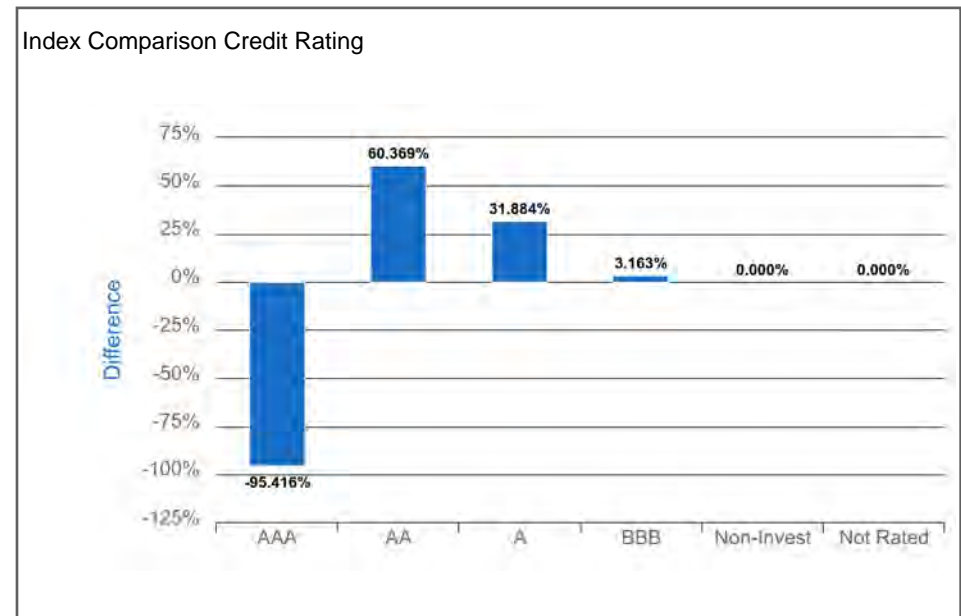
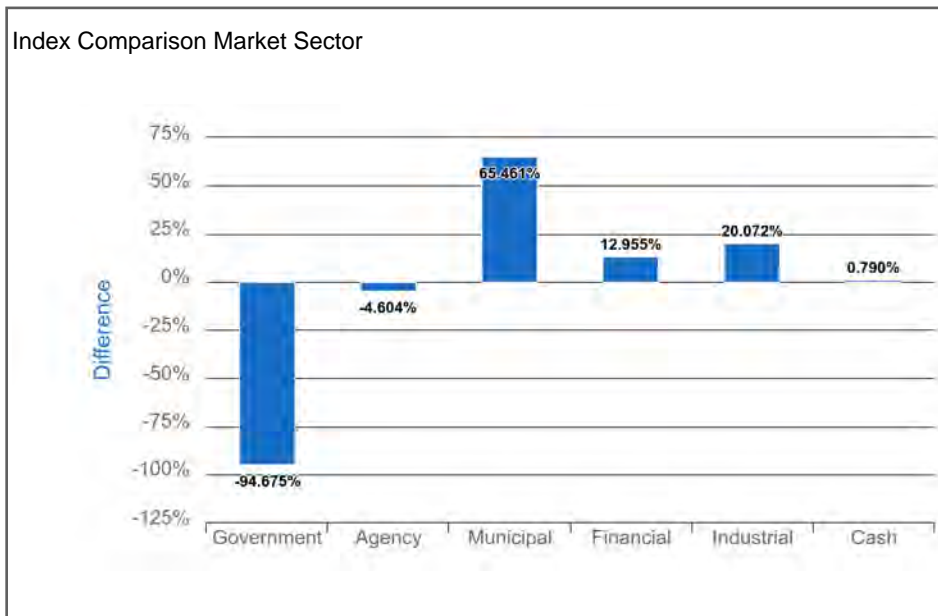
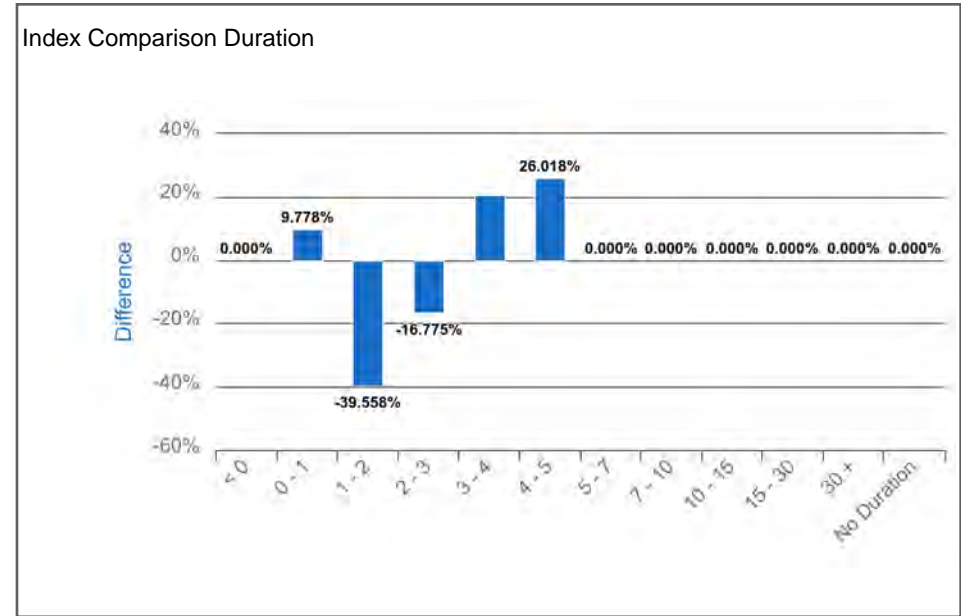
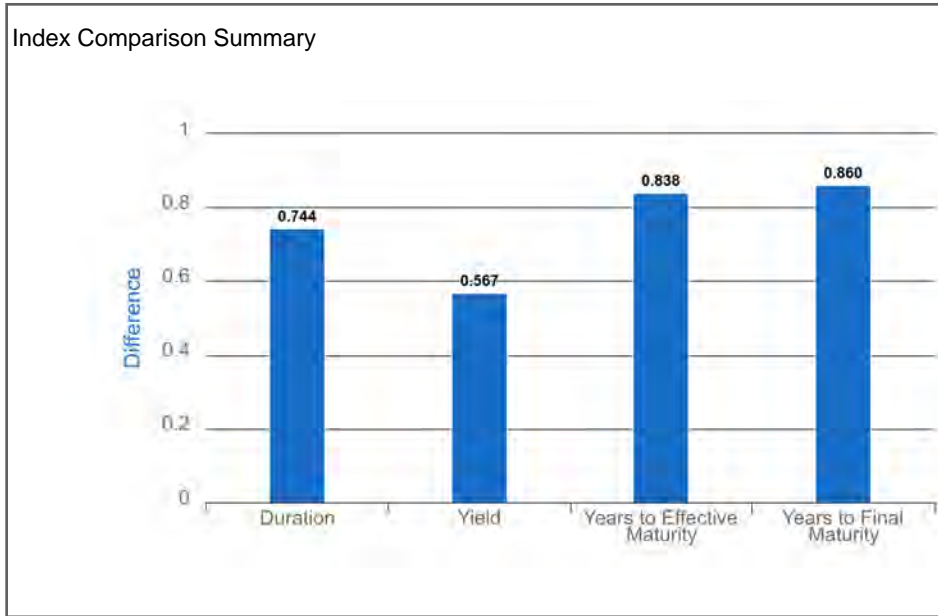
Base Currency: USD As of 03/31/2021

Security Type	Total Market Value	Market Value	Accrued Interest	% of Portfolio	Yield at Cost	Market Yield	Modified Duration	Coupon	Unrealized G/L	Economic Income (12 mo)	Moody's Rating	S&P Rating	Years to Final Maturity	Eff Maturity
AGCY BOND	1,006,205	1,001,170	5,035	0.72%	1.35	0.05	0.10	1.25	1,264	13,476	Aaa	AA+	0.10	05/06/2021
CASH	10	10	0	0.00%	0.00	0.00	---	0.00	0	0	Aaa	AA+	0.00	03/31/2021
CORP	46,082,593	45,772,137	310,456	33.03%	1.51	0.91	3.06	2.81	215,244	686,069	A2	A	3.29	06/25/2024
MMFUND	1,102,518	1,102,518	0	0.79%	0.01	0.01	---	0.01	0	110	Aaa	NA	0.00	03/31/2021
MUNI	91,336,628	90,699,741	636,887	65.46%	1.47	0.71	2.60	2.72	927,301	1,314,009	Aa2	AA	2.73	12/21/2023
---	139,527,954	138,575,577	952,377	100.00%	1.47	0.77	2.74	2.72	1,143,809	2,013,664	A1	A+	2.87	02/06/2024

* Grouped by: Security Type. * Groups Sorted by: Security Type. * Weighted by: Base Book Value + Accrued. * Holdings Displayed by: Position.

* Yield at Cost = [Book Yield], Summary Calculation: Weighted Average. * Coupon = [Coupon]*1, Summary Calculation: Weighted Average. * Economic Income (12 mo) = [Amort Cost]*([Book Yield])/100, Summary Calculation: Sum.

03/01/2021 - 03/31/2021



03/01/2021 - 03/31/2021

Index Comparison Summary

<i>Risk Metric</i>	<i>Portfolio</i>	<i>Index</i>	<i>Difference</i>
Duration	2.704	1.960	0.744
Yield	0.759	0.192	0.567
Years to Effective Maturity	2.837	1.998	0.838
Years to Final Maturity	2.858	1.998	0.860
Average Credit Rating	A+	AAA	---

Footnote: 1

Index Comparison Duration

<i>Duration</i>	<i>Portfolio</i>	<i>Index</i>	<i>Difference</i>
< 0	0.000%	---	---
0 - 1	13.814%	4.036%	9.778%
1 - 2	14.411%	53.969%	-39.558%
2 - 3	25.220%	41.995%	-16.775%
3 - 4	20.537%	0.000%	20.537%
4 - 5	26.018%	0.000%	26.018%
5 - 7	0.000%	0.000%	0.000%
7 - 10	0.000%	0.000%	0.000%
10 - 15	0.000%	0.000%	0.000%
15 - 30	0.000%	0.000%	0.000%
30 +	0.000%	---	---
No Duration	0.000%	---	---

Footnote: 3

Index Comparison Market Sector

<i>Market Sector</i>	<i>Portfolio</i>	<i>Index</i>	<i>Difference</i>
Government	0.000%	94.675%	-94.675%
Agency	0.721%	5.325%	-4.604%
Municipal	65.461%	0.000%	65.461%
Financial	12.955%	0.000%	12.955%
Industrial	20.072%	0.000%	20.072%
Cash	0.790%	0.000%	0.790%

Footnote: 2

Index Comparison Credit Rating

<i>Credit Rating</i>	<i>Portfolio</i>	<i>Index</i>	<i>Difference</i>
AAA	3.337%	98.753%	-95.416%
AA	61.616%	1.247%	60.369%
A	31.884%	0.000%	31.884%
BBB	3.163%	0.000%	3.163%
Non-Invest	0.000%	0.000%	0.000%
Not Rated	0.000%	0.000%	0.000%

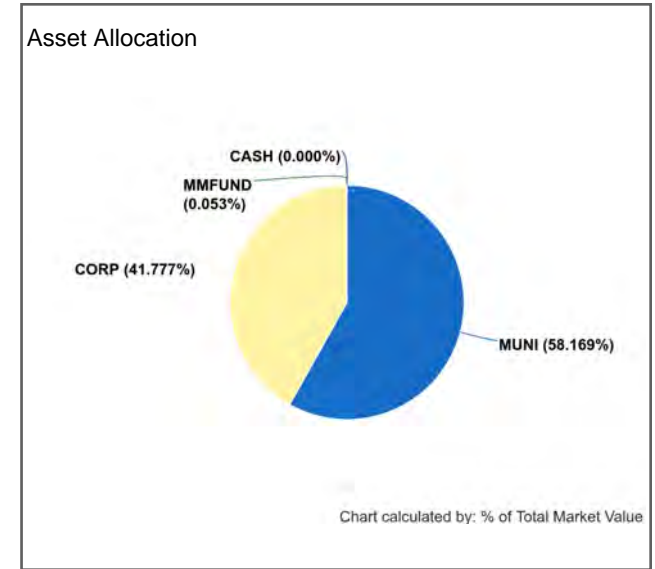
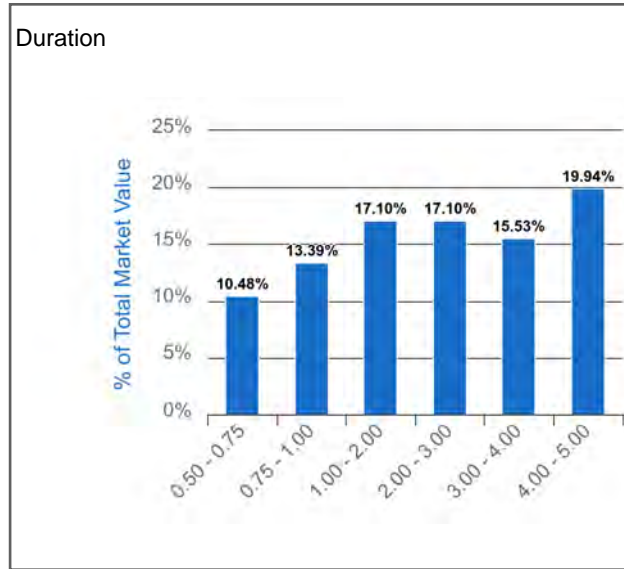
Footnote: 4

General Account Executive Summary

03/01/2021 - 03/31/2021

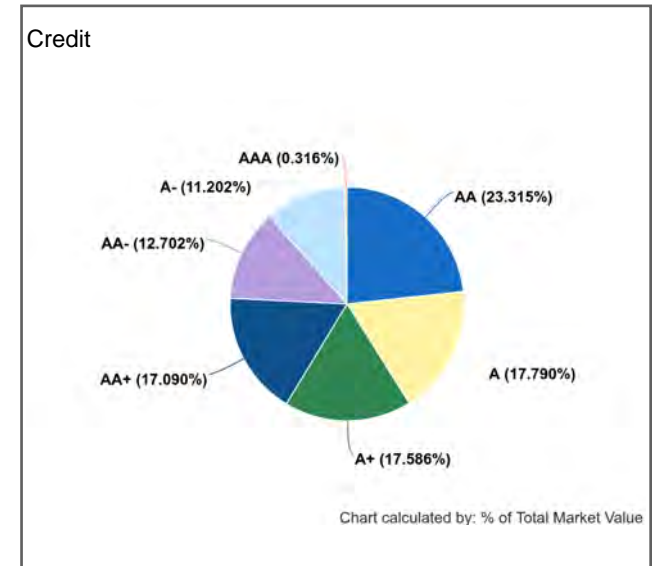
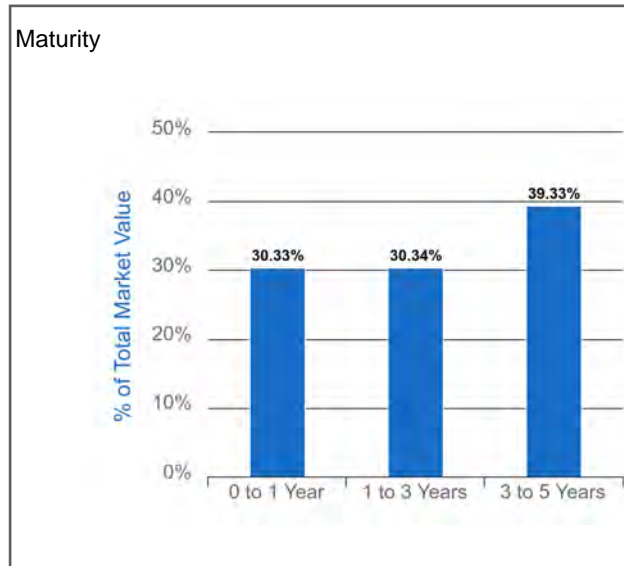
Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	84,821,210
Market Value	84,286,519
Accrued Interest	534,691
Yield at Cost	1.75
Market Yield	0.64
Modified Duration	2.27
Coupon	2.74
Unrealized G/L	882,104
Economic Income (12 mo)	1,461,034
Moody's Rating	A1
S&P Rating	A+
Years to Final Maturity	2.41
Years to Effective Maturity	2.37
Eff Maturity	08/15/2023

Footnotes: 1,2,3



Performance

Period	Total Return	Income Return	Price Return	Period Begin	Period End
Year to Date	-0.394%	0.458%	-0.852%	01/01/2021	03/31/2021
Trailing Month	-0.198%	0.140%	-0.338%	03/01/2021	03/31/2021
Trailing Quarter	-0.394%	0.458%	-0.852%	01/01/2021	03/31/2021
Prior Month	-0.299%	0.161%	-0.460%	02/01/2021	02/28/2021
Prior Quarter	0.512%	0.507%	0.005%	10/01/2020	12/31/2020
Prior Year	3.364%	2.126%	1.238%	01/01/2020	12/31/2020
Since Inception	10.000%	---	---	08/10/2016	03/31/2021



SVMHS General Account

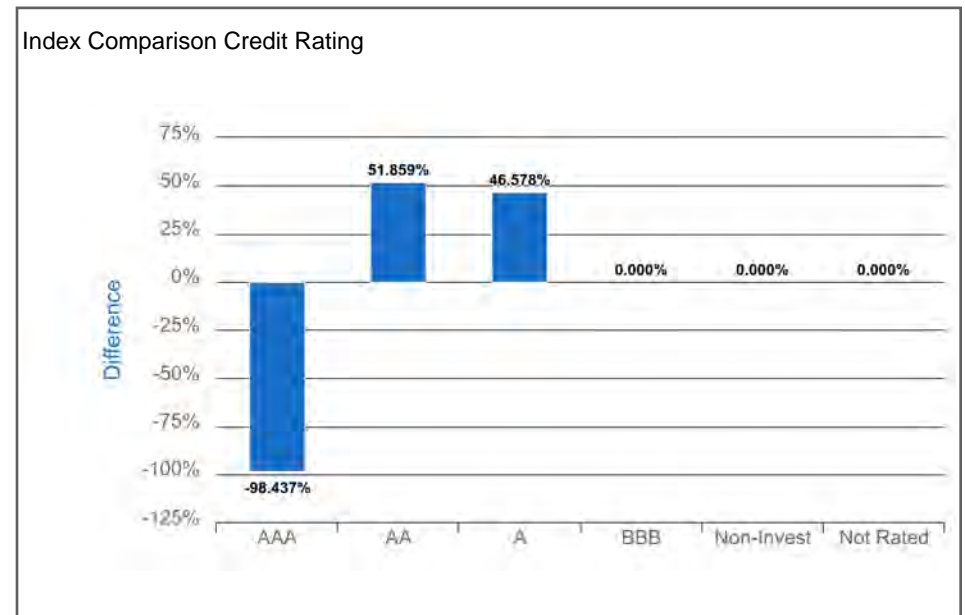
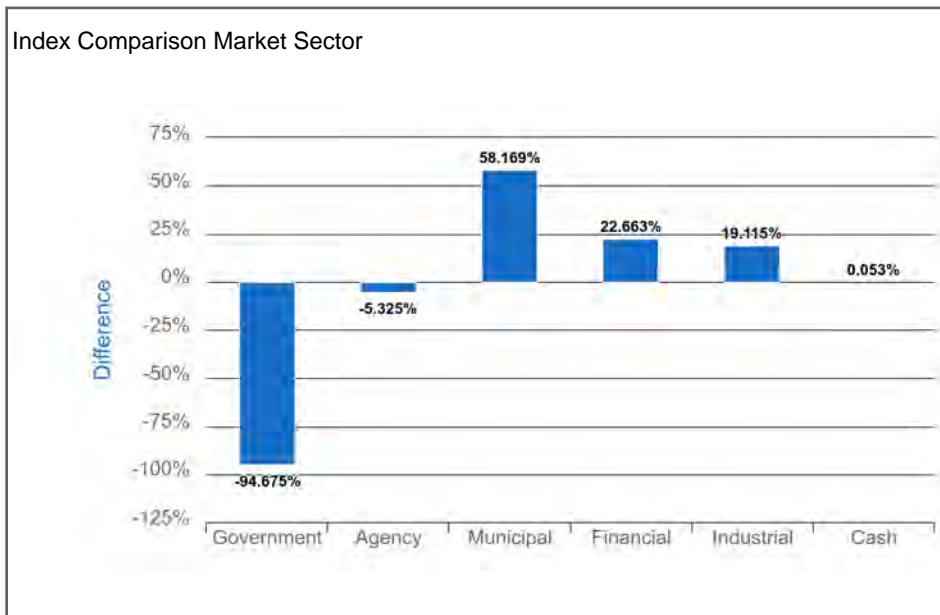
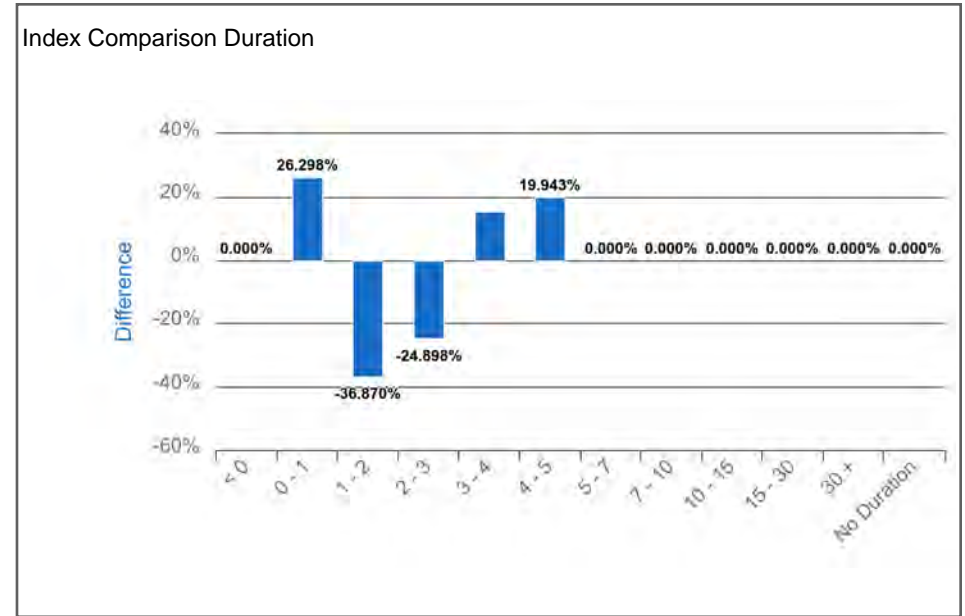
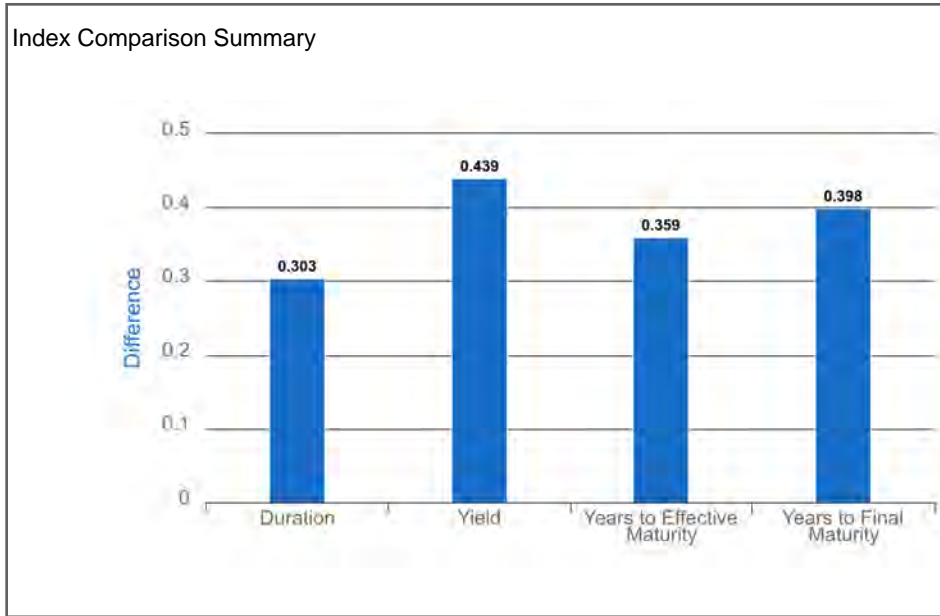
Base Currency: USD As of 03/31/2021

Security Type	Total Market Value	Market Value	Accrued Interest	% of Portfolio	Yield at Cost	Market Yield	Modified Duration	Coupon	Unrealized G/L	Economic Income (12 mo)	Moody's Rating	S&P Rating	Years to Final Maturity	Eff Maturity
CASH	18	18	0	0.00%	0.00	0.00	---	0.00	0	0	Aaa	AA+	0.00	03/31/2021
CORP	35,436,163	35,230,081	206,082	41.78%	1.77	0.65	2.25	2.63	306,230	616,973	A2	A	2.42	08/11/2023
MMFUND	44,988	44,988	0	0.05%	0.01	0.01	---	0.01	0	4	Aaa	NA	0.00	03/31/2021
MUNI	49,340,041	49,011,432	328,610	58.17%	1.74	0.62	2.29	2.82	575,874	844,056	Aa2	AA	2.41	08/18/2023
---	84,821,210	84,286,519	534,691	100.00%	1.75	0.64	2.27	2.74	882,104	1,461,034	A1	A+	2.41	08/15/2023

* Grouped by: Security Type. * Groups Sorted by: Security Type. * Weighted by: Base Book Value + Accrued. * Holdings Displayed by: Position.

* Yield at Cost = [Book Yield], Summary Calculation: Weighted Average. * Coupon = [Coupon]*1, Summary Calculation: Weighted Average. * Economic Income (12 mo) = [Amort Cost]*([Book Yield])/100, Summary Calculation: Sum.

03/01/2021 - 03/31/2021



03/01/2021 - 03/31/2021

Index Comparison Summary

Risk Metric	Portfolio	Index	Difference
Duration	2.263	1.960	0.303
Yield	0.632	0.192	0.439
Years to Effective Maturity	2.357	1.998	0.359
Years to Final Maturity	2.397	1.998	0.398
Average Credit Rating	A+	AAA	---

Footnote: 1

Index Comparison Duration

Duration	Portfolio	Index	Difference
< 0	0.000%	---	---
0 - 1	30.334%	4.036%	26.298%
1 - 2	17.099%	53.969%	-36.870%
2 - 3	17.097%	41.995%	-24.898%
3 - 4	15.527%	0.000%	15.527%
4 - 5	19.943%	0.000%	19.943%
5 - 7	0.000%	0.000%	0.000%
7 - 10	0.000%	0.000%	0.000%
10 - 15	0.000%	0.000%	0.000%
15 - 30	0.000%	0.000%	0.000%
30 +	0.000%	---	---
No Duration	0.000%	---	---

Footnote: 3

Index Comparison Market Sector

Market Sector	Portfolio	Index	Difference
Government	0.000%	94.675%	-94.675%
Agency	0.000%	5.325%	-5.325%
Municipal	58.169%	0.000%	58.169%
Financial	22.663%	0.000%	22.663%
Industrial	19.115%	0.000%	19.115%
Cash	0.053%	0.000%	0.053%

Footnote: 2

Index Comparison Credit Rating

Credit Rating	Portfolio	Index	Difference
AAA	0.316%	98.753%	-98.437%
AA	53.106%	1.247%	51.859%
A	46.578%	0.000%	46.578%
BBB	0.000%	0.000%	0.000%
Non-Invest	0.000%	0.000%	0.000%
Not Rated	0.000%	0.000%	0.000%

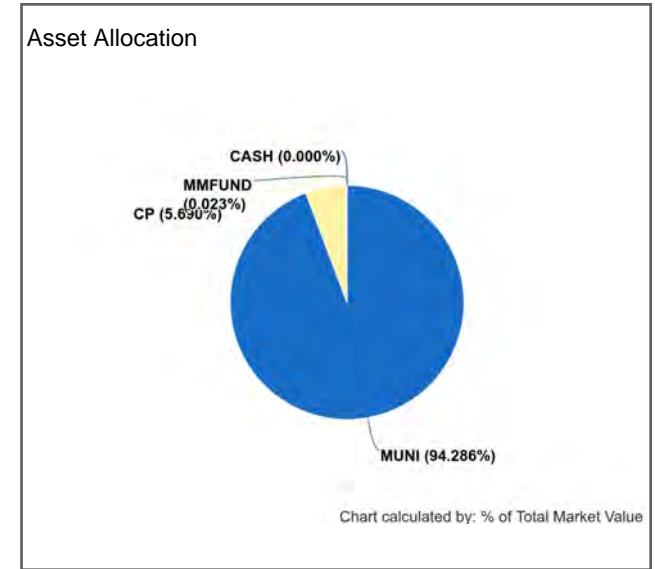
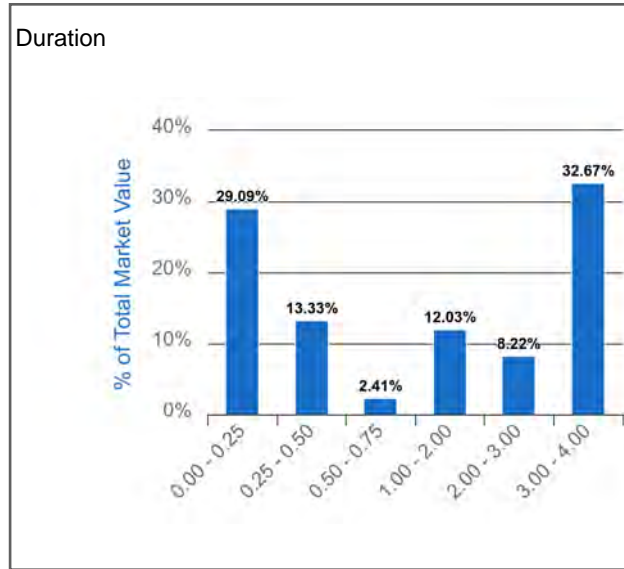
Footnote: 4

Cash Reserve Executive Summary

03/01/2021 - 03/31/2021

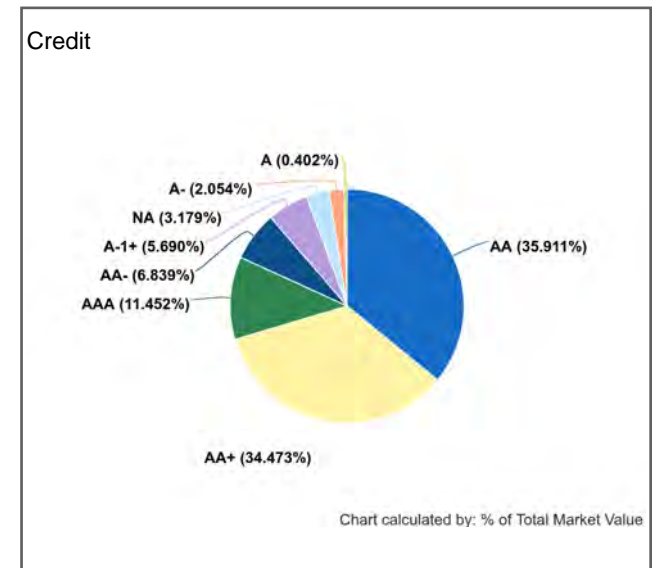
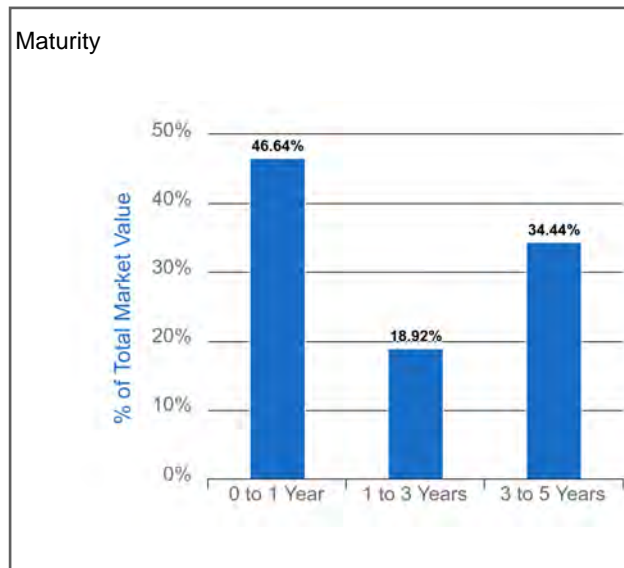
Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	63,259,701
Market Value	62,894,251
Accrued Interest	365,449
Yield at Cost	0.55
Market Yield	0.48
Modified Duration	1.68
Coupon	2.16
Unrealized G/L	-41,555
Economic Income (12 mo)	349,051
Moody's Rating	Aa1
S&P Rating	AA
Years to Final Maturity	1.75
Years to Effective Maturity	1.75
Eff Maturity	12/30/2022

Footnotes: 1,2,3



Performance

Period	Total Return	Income Return	Price Return	Period Begin	Period End
Year to Date	-0.242%	0.142%	-0.384%	01/01/2021	03/31/2021
Trailing Month	-0.185%	0.043%	-0.228%	03/01/2021	03/31/2021
Trailing Quarter	-0.242%	0.142%	-0.384%	01/01/2021	03/31/2021
Prior Month	-0.220%	0.055%	-0.275%	02/01/2021	02/28/2021
Prior Quarter	0.579%	0.155%	0.424%	10/01/2020	12/31/2020
Prior Year	1.577%	1.183%	0.394%	01/01/2020	12/31/2020
Since Inception	5.421%	---	---	02/16/2018	03/31/2021



SVMHS Cash Reserve

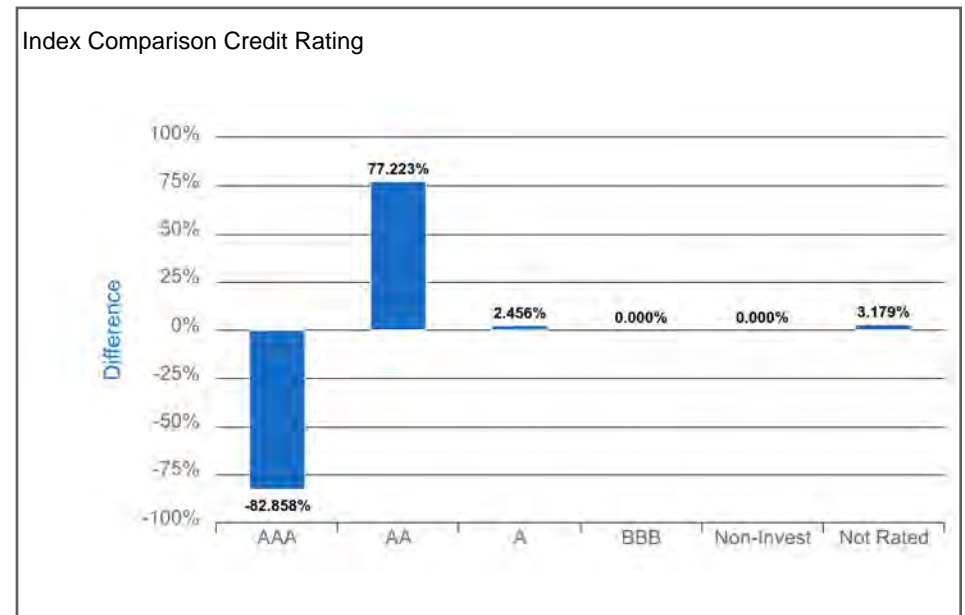
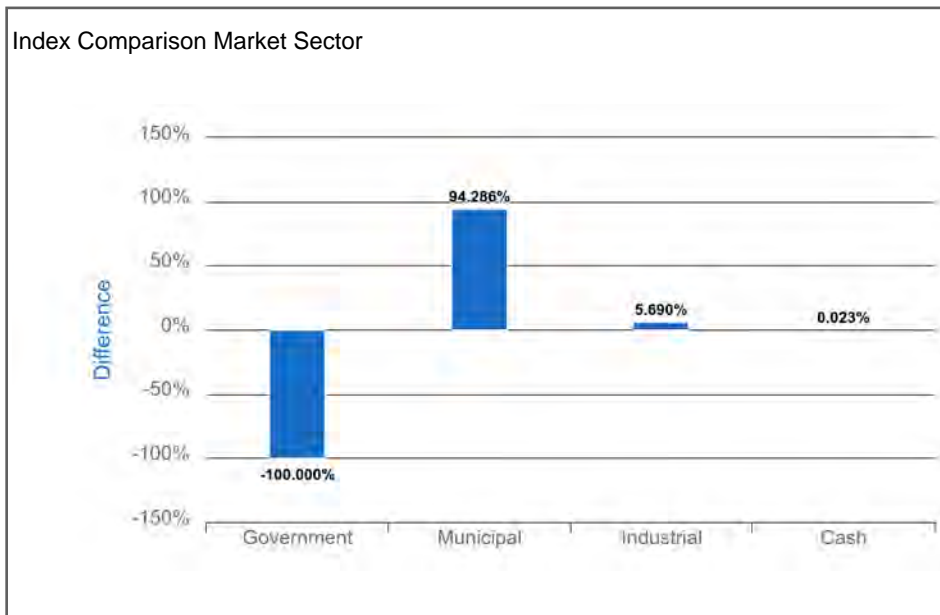
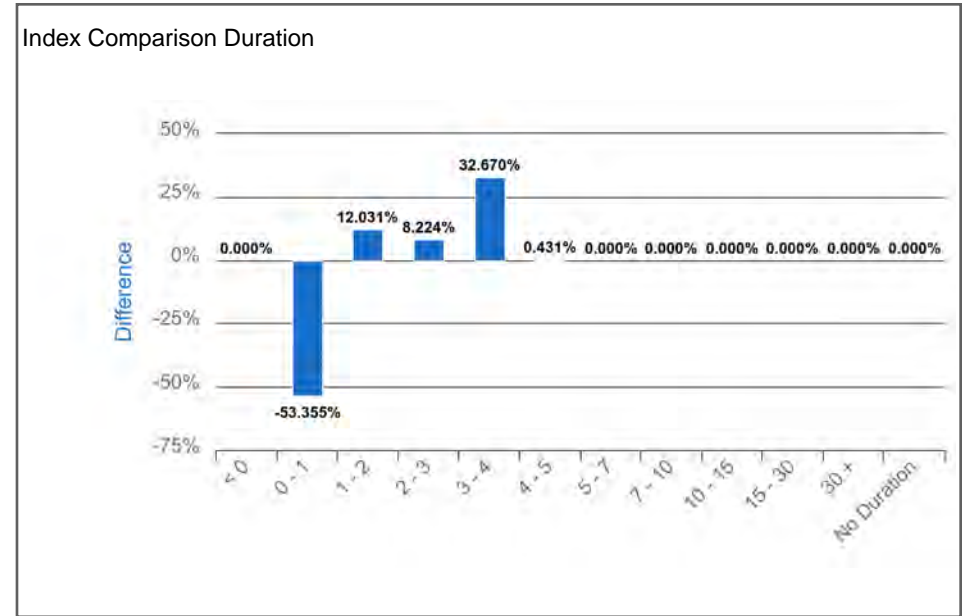
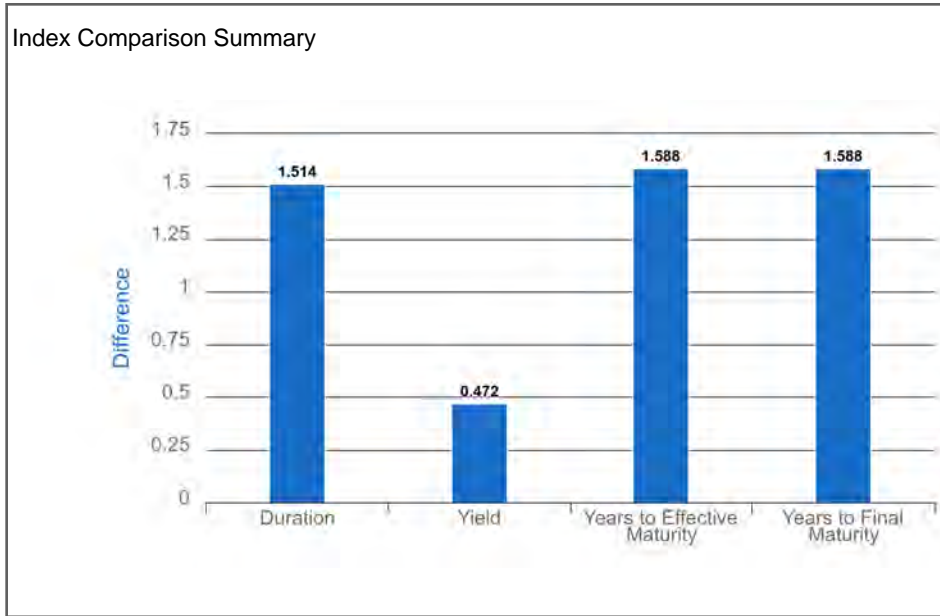
Base Currency: USD As of 03/31/2021

Security Type	Total Market Value	Market Value	Accrued Interest	% of Portfolio	Yield at Cost	Market Yield	Modified Duration	Coupon	Unrealized G/L	Economic Income (12 mo)	Moody's Rating	S&P Rating	Years to Final Maturity	Eff Maturity
CASH	0	0	0	0.00%	0.00	0.00	---	0.00	0	0	Aaa	AA+	0.00	03/31/2021
CP	3,599,752	3,599,752	0	5.69%	0.17	0.11	0.06	0.00	109	6,124	P-1	A-1+	0.06	04/22/2021
MMFUND	14,866	14,866	0	0.02%	0.01	0.01	---	0.01	0	1	Aaa	NA	0.00	03/31/2021
MUNI	59,645,083	59,279,634	365,449	94.29%	0.58	0.51	1.78	2.29	-41,664	342,925	Aa1	AA	1.85	02/05/2023
---	63,259,701	62,894,251	365,449	100.00%	0.55	0.48	1.68	2.16	-41,555	349,051	Aa1	AA	1.75	12/30/2022

* Grouped by: Security Type. * Groups Sorted by: Security Type. * Weighted by: Base Book Value + Accrued. * Holdings Displayed by: Position.

* Yield at Cost = [Book Yield], Summary Calculation: Weighted Average. * Coupon = [Coupon]*1, Summary Calculation: Weighted Average. * Economic Income (12 mo) = [Amort Cost]*([Book Yield])/100, Summary Calculation: Sum.

03/01/2021 - 03/31/2021



03/01/2021 - 03/31/2021

Index Comparison Summary

Risk Metric	Portfolio	Index	Difference
Duration	1.674	0.160	1.514
Yield	0.483	0.010	0.472
Years to Effective Maturity	1.745	0.157	1.588
Years to Final Maturity	1.745	0.157	1.588
Average Credit Rating	AA	AAA	---

Footnote: 1

Index Comparison Duration

Duration	Portfolio	Index	Difference
< 0	0.000%	---	---
0 - 1	46.645%	100.000%	-53.355%
1 - 2	12.031%	0.000%	12.031%
2 - 3	8.224%	0.000%	8.224%
3 - 4	32.670%	0.000%	32.670%
4 - 5	0.431%	0.000%	0.431%
5 - 7	0.000%	0.000%	0.000%
7 - 10	0.000%	0.000%	0.000%
10 - 15	0.000%	0.000%	0.000%
15 - 30	0.000%	0.000%	0.000%
30 +	0.000%	---	---
No Duration	0.000%	---	---

Footnote: 3

Index Comparison Market Sector

Market Sector	Portfolio	Index	Difference
Government	0.000%	100.000%	-100.000%
Municipal	94.286%	0.000%	94.286%
Industrial	5.690%	0.000%	5.690%
Cash	0.023%	0.000%	0.023%

Footnote: 2

Index Comparison Credit Rating

Credit Rating	Portfolio	Index	Difference
AAA	17.142%	100.000%	-82.858%
AA	77.223%	0.000%	77.223%
A	2.456%	0.000%	2.456%
BBB	0.000%	0.000%	0.000%
Non-Invest	0.000%	0.000%	0.000%
Not Rated	3.179%	0.000%	3.179%

Footnote: 4

SECTION 4

Disclosures

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For index, indicator and survey definitions referenced in this report please visit the following:

<https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

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The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize

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Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund’s investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund’s essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or “leverage.”

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Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds (“ETFs”), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities’ (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments (“ESG”)** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client’s account will be managed as described herein. **Options** and margin trading involve substantial risk and are not suitable for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry **sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

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A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by advisory clients. Morgan Stanley Wealth Management rebates such fees that are received and attributable to an investment held by an advisory client and retains the fees paid in connection with investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report

returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, “blow ups,” or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial “lift” or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor’s goals by the pre-established year or “target date.” A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor’s portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

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Indices are unmanaged and investors cannot directly invest in them. They are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Composite index results are shown for illustrative purposes only, generally do not represent the performance of a specific investment, may not, for a variety of reasons, be a suitable comparison or benchmark for a particular investment and may not necessarily reflect the actual investment strategy or objective of a particular investment. Consequently, comparing an investment to a particular index may be of limited use.

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We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and over time.

Investment and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC, Member SIPC.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

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For index, indicator and survey definitions referenced in this report please visit the following: <https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS: The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC.

HYPOTHETICAL MODEL PERFORMANCE (GROSS): Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS: None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

Variable annuities are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs

are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. The majority of \$25 and \$1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per \$25 or \$1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some \$25 or \$1000 par **preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date.

Companies paying **dividends** can reduce or cut payouts at any time.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are

considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected .

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

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IMPORTANT INFORMATION

Information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy or completeness.

Interest in municipal bonds is generally exempt from federal income tax. However, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, local tax-exemption typically applies if securities are issued within one's city of residence. The tax exempt status of municipal securities may be changed by legislative process, which could affect their value and marketability.

Bonds are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying bonds will lose the interest payments from the investment and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made. NOTE: High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley or its affiliates. All opinions are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is no guarantee of future results.

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Barclay's Index criteria:

Municipal indices: To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark.

Municipal Bond: Muni Short (1-5) is the 1-5 year component of the Municipal Bond index.

Municipal Bond: Muni Inter-Short (1-10) is the 1-10 year component of the Municipal Bond index.

Municipal Bond: Muni Long Bond (22+) is the component of the Municipal Bond index with at least 22 year maturities.

1-5 Year Credit is the 1-5 year component of the U.S. Credit index.

Intermediate Credit is the component of the U.S. Credit index with a maturity from 1 up to (but not including) 10 years.

Long Credit is the component of the U.S. Credit index with a maturity of at least 10 years.

Credit indices: Publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government.

Inclusion criteria:

- Subordinated issues, provided that other specified criteria are met.
- Securities with normal call and put provisions and sinking funds.
- Medium-term notes (if they are publicly underwritten).
- 144A securities (if they have registration rights).
- Global issues that are SEC-registered.
- Must have at least one year to final maturity regardless of call features.
- Must have at least \$250 million par amount outstanding.
- Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade.

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Inclusion criteria (continued):

- Must be fixed rate, although it can carry a coupon that steps up or changes according to a predetermined schedule.
- Must be dollar-denominated and non-convertible.
- Must be publicly issued.

Exclusion criteria:

- Structured notes with embedded swaps or other special features.
- Private placements, floating rate securities, and Eurobonds.

Bloomberg Unemployment & Employment Indices:

Unemployment (USURTOT): US Unemployment Rate Total in Labor Force Seasonally Adjusted. The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Employment (USERTOT): US Employment Population Ratio Total in Labor Force Seasonally Adjusted. The employment ratio (also referred to as the employment rate) represents persons in employment as a percentage of the working age population.

Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

Any trade or cash balance information contained herein is being made available to you at your specific request and is not an official confirmation of terms, trading activity, positions or balances, and shall not be deemed conclusive and binding. To the extent that there are differences between your official portfolio statement and this information, your official portfolio statement will prevail. Unless it contains trade data specific to you, its contents are based on or derived from information generally available from the public from sources we believe to be reliable. No representation is made that it is accurate or complete or that any returns will be achieved. This information has been provided solely for your own internal use and information purposes without regard to your specific objectives, financial situation and needs.

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PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. ACTUAL INDIVIDUAL ACCOUNT RESULTS WILL DIFFER FROM THE PERFORMANCE SHOWN IN THIS REPORT.

INVESTMENT DECISIONS: Do not use this report as the sole basis for investment decisions. Do not select an allocation, investment disciplines or investment managers/funds based on performance alone. Consider, in addition to performance results, other relevant information about each investment manager or fund, as well as matters such as your investment objectives, risk tolerance and investment time horizon.

SOURCE OF PERFORMANCE INFORMATION FOR INVESTMENT MANAGERS AVAILABLE IN CONSULTING AND EVALUATION SERVICES, FIDUCIARY SERVICES OR SELECT UMA: Each investment manager included in this report that participates in one or more of the Consulting and Evaluation Services, Fiduciary Services or Select UMA programs ("Programs") has a track record of investing assets in the relevant investment discipline. The investment manager's gross performance track record shown in this report consists of its gross performance in either the Morgan Stanley or the Smith Barney form of the Fiduciary Services program (if that investment manager is in the Fiduciary Services program) for periods for which sufficient data is available. If the strategy or similar strategies are available in both the Morgan Stanley and Smith Barney forms of the program, this profile presents the composite for the strategy that is closest to the strategy currently offered in the Fiduciary Services program. If both strategies are equally close, the profile shows the longer of the two composites. For other periods, the gross performance track record is provided by the investment manager and consists of accounts managed by the investment manager in the same or a similar investment discipline, whether at Morgan Stanley or elsewhere (and may include institutional accounts, retail accounts and/or pooled investment vehicles such as mutual funds).

There may be differences between the performance in the different forms of the Fiduciary Services program, in different Programs, and between the performance in Programs and performance outside the Programs, due to, among other things, investment and operational differences. For example:

- Institutional accounts included in related performance may hold more securities than the Program accounts, participate in initial public offerings (IPOs) and invest directly in foreign securities (rather than in ADRs).
- Mutual funds included in related performance may hold more securities than the Program accounts, may participate in IPOs, may engage in options and futures transactions, and are subject to certain regulatory limitations.
- Performance results in Select UMA accounts could differ from that in Fiduciary Services accounts because Select UMA accounts may hold fewer securities, and have automatic rebalancing, wash sale loss and tax harvesting features.

You should read the investment manager profile accompanying this report for each investment manager. The investment manager profile gives further details on the sources of performance information for a particular investment manager, as well as other calculations of the manager's performance returns (such as performance net of fees and expenses).

SOURCE OF PERFORMANCE INFORMATION FOR GLOBAL INVESTMENT SOLUTION STRATEGIES: In the Global Investment Solutions program, dedicated portfolio managers employed by Morgan Stanley or third party subadvisors make day-to-day investment decisions for clients' accounts invested in various investment strategies. The track record shown in this report for Global Investment Solutions strategies consists of the portfolio management team's gross performance in that strategy in the Global Investment Solutions program (or a predecessor program).

SOURCE OF PERFORMANCE INFORMATION FOR OTHER INVESTMENT MANAGERS: For any investment managers shown in this report that are not available in the Consulting and Evaluation Services, Fiduciary Services or Select UMA programs, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below. The gross performance shown in this report for these managers could differ materially from their gross performance in investment advisory programs offered by firms other than Morgan Stanley. If you have invested with any such manager through another firm, we recommend that you seek information from that firm on the manager's gross and net performance in its programs.

SOURCE OF PERFORMANCE INFORMATION FOR FUNDS: For any fund shown in this report, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See “Sources of Information” below.

BENCHMARK INDICES: Depending on the composition of your account and your investment objectives, the indices shown in this report may not be appropriate measures for comparison purposes and are therefore presented for illustration only. The indices used in this report may not be the same indices used for comparative purposes in the profile for each investment manager, mutual fund and/or ETF that accompanies this report. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Performance of selected indices may be more or less volatile than that of any investment manager/fund shown in this report. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

MANAGERS AND FUNDS APPROVED IN MORGAN STANLEY WEALTH MANAGEMENT PROGRAMS: Morgan Stanley Wealth Management approves certain managers and funds offered in its investment advisory programs:

- Morgan Stanley Wealth Management's Global Investment Manager Analysis (“GIMA”) team approves managers and funds offered in Consulting and Evaluation Services, Fiduciary Services, and Select UMA.
- Managers and funds offered in Institutional Consulting Group and Graystone Consulting programs may be approved by GIMA, approved by Morgan Stanley Wealth Management using another process, or not approved by Morgan Stanley Wealth Management.
- Morgan Stanley Wealth Management does not approve managers in the Investment Management Services consulting program.
- Managers in the Global Investment Solutions (GIS) program are not evaluated by GIMA.

KEY ASSET CLASS RISK CONSIDERATIONS: Investing in securities entails risk including the risk of losing principal. There is no assurance that the investment disciplines and investment managers/funds selected will meet their intended objectives.

Commodities – Diversified: The commodities markets may fluctuate widely based on a variety of factors including changes in supply and demand relationships; governmental programs and policies; national and international political and economic events; war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence; weather; technological change; and the price volatility of a commodity. In addition to commodity risk, commodity-linked notes may be subject to special risks, such as risk of loss of interest and principal, lack of a secondary market and risk of greater volatility that do not affect traditional equity and debt securities.

Commodities - Precious Metals: The prices of Commodities - Precious Metals tend to fluctuate widely and in an unpredictable manner, and have historically experienced extended periods of flat or declining prices. The prices of Commodities - Precious Metals are affected by several factors, including global supply and demand, investors' expectations with respect to the rate of inflation, currency exchange rates, interest rates, investment and trading activities of hedge funds and commodity funds, and global or regional political, economic or financial events and situations.

Fixed Income: Fixed income securities are subject to certain inherent risks such as credit risk, reinvestment risk, call risk, and interest rate risk. Fixed income securities are sensitive to changes in prevailing interest rates. When interest rates rise, the value of fixed income securities generally declines. Accordingly, managers or funds that invest in fixed income securities are subject to interest rate risk and portfolio values can decline in value as interest rates rise and an investor can lose principal.

High Yield Fixed Income: As well as being subject to risks relating to fixed income generally (see “Fixed Income”), high yield or “junk” bonds are considered speculative, have significantly higher credit and default risks (including loss of principal), and may be less liquid and more volatile than investment grade bonds. Clients should only invest in high yield strategies if this is consistent with their risk tolerance, and high yield investments should comprise only a limited part of a balanced portfolio.

International/Emerging Market: International investing (including investing in particular countries or groups of countries) should be considered only one component of a complete and diversified investment program. Investing in foreign markets may entail greater risks than those normally associated with domestic markets, such as foreign political, currency, economic and market risks. In addition, the securities markets of many emerging markets are substantially smaller, less developed, less liquid and more volatile than the securities markets of the U.S. and other more developed countries. Further, a portfolio that focuses on a single country may be subject to higher volatility than one that is more diversified.

Preferred Securities: Preferred securities are generally subject to the same risks as apply to fixed income securities. (See “Fixed Income.”) However, preferred securities (especially equity preferred securities) may rank below traditional forms of debt for the purposes of repayment in the event of bankruptcy. Many preferred securities are “callable” meaning that the issuer may retire the securities at specific prices and dates prior to maturity. If a preferred security is called, the investor bears the risk of reinvesting proceeds at a potentially lower return. Investors may not receive regular distributions on preferred securities. For example, dividends on equity preferred securities may only be declarable in the discretion of the issuer's board and may not be cumulative. Similarly, interest payments on certain debt preferred securities may be deferred by the issuer for periods of up to 10 years or more, in which case the investor would still have income tax liability even though payments would not have been received.

Real Estate: Real estate investments are subject to special risks, including interest rate and property value fluctuations as well as risks related to general and local conditions.

Small and Mid Cap: Investments in small-to medium-sized corporations are generally more vulnerable to financial risks and other risks than larger corporations and may involve a higher degree of price volatility than investments in the broad equity market.

Hedged and Alternatives Strategies: In most Consulting Group investment advisory program, alternative investments are limited to US registered open-end mutual funds, separate account strategies, and ETFs that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives, and options, which can increase volatility and the risk of investment loss. Alternative Investments are not suitable for all investors.

Managed Futures: Involve a high degree of risk, often involve leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies whose interests (limited partnership or limited liability company units) are generally traded on securities exchanges like shares of common stock. Investment in MLPs entails different risks, including tax risks, than is the case for other types of investments. Currently, most MLPs operate in the energy, natural resources or real estate sectors and are subject to the risks generally applicable to companies in those sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Depending on the ownership vehicle, MLP interests are subject to varying tax treatment.

ALPHA: Synonym of 'value added', linearly similar to the way beta is computed, alpha is the incremental return on a portfolio when the market is stationary. In other words, it is the extra expected return due to non-market factors. This risk-adjusted measurement takes into account both the performance of the market as a whole and the volatility of the portfolio. A positive alpha indicates that a portfolio has produced returns above the expected level at that level of risk, and vice versa for a negative alpha.

ANNUALIZED RETURN: The constant rate of return that, compounded annually, would yield the same overall return for a period of more than one year as the actual return observed for that period.

ANNUALIZED EXCESS RETURN: Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Annualized excess return is calculated by taking the annualized return of the original series and forming the difference between the two. A positive annualized excess return implies that the manager outperformed the benchmark over the time period shown.

BEST AND WORST PERIOD RETURNS: The best period return for a time window is simply the maximum of the returns for that period inside this window. Similarly, the worst period return for a time window is the minimum of the returns for that period inside this window. To calculate the best one-year return for a return series, the program moves a one-year time window along the series and calculates the compound return for each of these windows. The best one-year return is the maximum of the returns thus found. Similarly, the worst one-year return is the minimum of the returns thus found. Therefore, best and worst one-year returns do not refer to calendar years.

BETA: The measure of a portfolio's risk in relation to the market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a portfolio with a beta of 1.5 will have moved, on average, 1.5 times the market return. According to asset pricing theory, beta represents the type of risk, systematic risk, which cannot be diversified away. When using beta, there are a number of issues that you need to be aware of: (1) betas may change through time; (2) betas may be different depending on the direction of the market (i.e. betas may be greater for down moves in the market rather than up moves); (3) the estimated beta will be biased if the portfolio does not frequently trade; and (4) the beta is not necessarily a complete measure of risk (you may need multiple betas). Also, note that the beta is a measure of co movement, not volatility. It is possible for a security to have a zero beta and higher volatility than the market.

CORRELATION: Statistical method to measure how closely related the variances of two series are. Assets that are highly correlated would be expected to react in similar ways to changing market conditions.

CUMULATIVE RETURN: The total return on an investment over a specified time period.

CUMULATIVE EXCESS RETURN: Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Cumulative excess return is calculated by taking the cumulative return of the original series and forming the difference between the two. A positive cumulative excess return implies that the manager outperformed the benchmark over the time period shown.

DOWNSIDE CAPTURE RATIO: For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio's benchmark index had negative returns and then (2) for those quarters, dividing the portfolio's annualized net performance by the benchmark index's performance. For investors, the lower the downside capture ratio, the better. For example, a downside capture ratio of 90% means that the portfolio's losses were only 90% of the market's losses (as represented by the benchmark index).

DOWNSIDE DEVIATION: Similar to Standard Deviation, but Downside Deviation captures the range of expected returns only on the down side [when the returns fall below the minimum acceptable return (MAR)].

DRAWDOWN (MAXIMUM DRAWDOWN): The Maximum loss (compounded, not annualized) that the manager incurred during any sub-period of the time period shown.

DRAWDOWN BEGIN DATE: the first date of the sub-period used to calculate the maximum drawdown

DRAWDOWN END DATE: The last date of the sub period used to calculate the maximum drawdown

DRAWDOWN LENGTH: The number of periods (months or quarters depending on the periodicity of the data) the sub-period used to calculate the maximum drawdown

DRAWDOWN RECOVERY DATE: Date at which the compounded returns regain the peak level that was reached before the drawdown began

DRAWDOWN RECOVERY LENGTH: Number of periods it takes to reach the recovery level from maximum drawdown end date

EXCESS RETURN: The difference between the returns of two portfolios. Usually excess return is the difference between a portfolio's return and the return of a benchmark for that portfolio.

GAIN TO LOSS RATIO: Divides the average gain in an up period by the average loss in a down period. A higher Gain to Loss Ratio is more favorable.

HIGH WATER MARK: The High Water Mark represents the peak level of the manager's return, as represented by the peak of the cumulative return series.

HIGH WATER MARK DATE: The date which the High Water Mark was reached.

UNDER WATER LOSS: Loss incurred between the high water mark date and the end of the period analyzed

UNDER WATER LENGTH: Length of the time interval that begins with the high water mark and ends with the analysis period

TO HIGH WATER MARK: The percentage of gain that the manager/fund needs to regain the peak level of the cumulative return series

INFORMATION RATIO: Measures the active return of the manager divided by the manager's active risk. Active return is the annualized differences of the manager and the benchmark index, while active risk is measured by tracking error. The higher the information ratio, the better. An information ratio of 0 implies that a manager/fund (or benchmark index, if applicable) has provided a return that is equivalent to the risk of the benchmark return.

MAR: Stands for "Minimum Acceptable Return." This represents the lowest return possible that could be considered a successful result of the investment. In most cases, the MAR will either be defined as 0 (meaning no negative return) or as the return of a cash benchmark (meaning the investment had a higher return than simply keeping the investment amount in the relatively safe investment of money market funds). Please refer to the specific chart/statistic to see the specific MAR used in the illustration.

MANAGER STYLE (RETURNS BASED STYLE ANALYSIS): A measure for analyzing the style of a portfolio's returns when compared with the quarterly returns on a number of selected style indices (the "Style Basis"). These style indices represent distinct investment styles or asset classes such as large cap value, large cap growth, small cap growth, small cap value, government bonds, or cash equivalents asset classes. Style analysis uses a calculation procedure that finds the combination of selected indices that best tracks (i.e. that has the highest correlation to) a given manager's return series. This allows the advisor to capture an accurate picture of the investment style of the manager without viewing the underlying holdings.

OMEGA: A measure of volatility designed to capture the entire return distribution (useful for investments that do not have normal return distributions), the Omega is tied to a MAR (see above) and shows the ratio of the entire upside performance to the entire downside, with the MAR representing the dividing line between upside and downside. (e.g. If MAR = 0.00%, any positive return is captured in the upside and any negative return is captured in the downside).

PAIN INDEX: Represents the frequency, the depth, and the width of the manager/fund's drawdowns. The Pain Index captures the information for every period in which the manager/fund is negative. A higher Pain Index indicates that the manager/fund had a more negative result when considering not just the depth (lowest return) but also the frequency of negative returns (frequency) and the amount of time that the return remained negative (width).

PAIN RATIO: A risk/return ratio which uses the Pain Index as the measure of risk. The higher the Pain Ratio, the better the risk-adjusted return of the portfolio.

ROLLING WINDOW: Indicates that the chart or statistic was evaluated using periodic smaller windows of data on a rolling basis. As an example, a 20 Quarter Rolling Window (Annual Roll) over a 10 year period indicates that 5 year (20 quarter) periods of time were evaluated from the start date, moving forward one year at a time, for the duration of the 10 year period, resulting in 5 "windows". Evaluating data this way allows us to remove end point bias and determine a measure of consistency in performance.

R-SQUARED: Used to show how much of a portfolio's variability can be accounted for by the market. For example, if a portfolio's R-Squared is 0.79, then 79% of the portfolio's variability is due to market conditions. As R-Squared approaches 100%, the portfolio is more closely correlated with the market.

SHARPE RATIO: Developed by William F. Sharpe, this calculation measures a ratio of return to volatility. It is useful in comparing two portfolios or stocks in terms of risk-adjusted return. The higher the Sharpe Ratio, the better the risk-adjusted return of the portfolio. It is calculated by first subtracting the risk free rate (Citigroup 3-month T-bill) from the return of the portfolio, then dividing by the standard deviation of the portfolio. Using Sharpe ratios to compare and select among investment alternatives can be difficult because the measure of risk (standard deviation) penalizes portfolios for positive upside returns as much as the undesirable downside returns.

SINGLE COMPUTATION: For a single computation chart, StyleADVISOR calculates the information over the entire time period shown as a single data point. AS an example, in a chart showing 10 years of performance, a “Single Computation” would represent the statistic shown over the entire 10 year window.

STANDARD DEVIATION: A statistical measure of the degree to which the performance of a portfolio varies from its average performance during a specified period. The higher the standard deviation, the greater the volatility of the portfolio's performance returns relative to its average return. A portfolio's returns can be expected to fall within plus or minus one standard deviation, relative to its average return, two-thirds of the time, and fall within plus or minus two standard deviations relative to its average return, 95% of the time. For example, if a portfolio had a return of 5% and a standard deviation of 13% then, if future volatility of returns is similar to historical volatility (which may not be the case):

- About two-thirds of the time, the future returns could be expected to fall between -8% and 18% (being 5% +/- 13%)
- About 95% of the time, the future returns could be expected to fall between -21% and 31% (being 5% +/- 26%).

In performance measurement, it is generally assumed that a larger standard deviation means that great risk was taken to achieve the return.

STYLE BASIS: A set of indices that represent the broad asset category being utilized. The Style Basis is used in the equation that calculates the Manager Style (see definition). The “Manager Style” chart shows the specific benchmarks utilized in the Style Basis. The following Style Bases would be appropriate for the asset classes shown below:

- Domestic Equity: Russell Generic Corners; Russell 6 Way Style basis; S&P Pure Style Basis
- International Equity: MSCI Regional Style Basis; MSCI World Ex USA Style Basis; MSCI International Equity Style Basis; S&P Regional International Indexes, S&P International 4 Way Style Basis
- Global Equity: MSCI World Style Basis; MSCI World Regional Indexes; MSCI Global Equity Style Basis
- Fixed income: Citigroup Corporate Bond Indexes; BofA Merrill Lynch Fixed Income Indexes; Citigroup Govt Fixed Income Indexes; Global Bond Indexes

STYLE BENCHMARK: A unique benchmark calculated for each manager/fund based on the Returns Based Style Analysis described above. The “Asset Allocation” chart in Zephyr shows the specific weightings used for the Style Benchmark for each manager or fund.

TRACKING ERROR: A measurement that indicates the standard deviation of the difference between a selected market index and a portfolio’s returns. The portfolio’s returns are then compared to the index’s returns to determine the amount of excess return, which produces a tracking error. A low tracking error indicates that the portfolio is tracking the selected index closely or has roughly the same returns as the index.

UPSIDE CAPTURE RATIO: For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio’s benchmark index had positive returns and then (2) for those quarters, dividing the portfolio’s annualized net performance by the benchmark index’s performance. A percentage less than 100% indicates that the portfolio “captured” less performance than the benchmark index, while a percentage greater than 100% indicates the portfolio captured more performance than the benchmark index. For investors, the higher the upside capture ratio, the better. For example, if the annualized performance of an benchmark index during “up” markets (when its returns were zero or positive) is 20.8% and the portfolio’s annualized performance during the same period is 16.8%, then the portfolio’s upside capture ratio is $16.8\%/20.8\% = 80.7\%$, meaning the portfolio “captured” 80.7% of the upside performance of the index. Stated another way, the portfolio in this example performed almost 20% worse than the market during up periods.

VARIANCE: A measure of how spread out a distribution is. It is computed as the average squared deviation of each number from its mean.

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Financial Performance Review

March 2021

Augustine Lopez
Chief Financial Officer



Consolidated Financial Summary

For the Month of March 2021

Profit/Loss Statement

\$ in Millions	For the Month of March 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 55.3	\$ 52.5	\$ 2.8	5.3%	
Operating Expense	\$ 51.4	\$ 51.4	\$ -	0.0%	
Income from Operations*	\$ 3.9	\$ 1.1	\$ 2.8	254.5%	
<i>Operating Margin %</i>	7.1%	2.1%	5.0%	238.10%	
Non Operating Income**	\$ 1.2	\$ 0.7	\$ 0.5	71.4%	
Net Income	\$ 5.1	\$ 1.8	\$ 3.3	183.3%	
<i>Net Income Margin %</i>	9.3%	3.5%	5.8%	165.7%	

*** Income from Operations includes:**

\$0.4M AB113 Intergovernmental Transfer Payment
Related to FY16 (ACA Pop Health Supplement)

\$0.4M Total Normalizing Items, Net

**Favorable variance in non-operating income is predominantly due to higher than expected returns on investments in subsidiaries

Favorable results due to:

- Higher than expected inpatient and outpatient volumes
- Improvement in labor productivity and overtime management

Consolidated Financial Summary

For the Month of March 2021 - Normalized

Profit/Loss Statement

\$ in Millions	For the Month of March 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 54.9	\$ 52.5	\$ 2.4	4.6%	
Operating Expense	\$ 51.4	\$ 51.4	-	0.0%	
Income from Operations	\$ 3.5	\$ 1.1	\$ 2.4	218.2%	
<i>Operating Margin %</i>	6.4%	2.1%	4.3%	204.8%	
Non Operating Income	\$ 1.2	\$ 0.7	\$ 0.5	71.4%	
Net Income	\$ 4.7	\$ 1.8	\$ 2.9	161.1%	
<i>Net Income Margin %</i>	8.7%	3.5%	5.2%	148.6%	

Consolidated Financial Summary

Year-to-Date March 2021

Profit/Loss Statement

\$ in Millions	FY 2021 YTD March				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 502.0	\$ 435.6	\$ 66.4	15.2%	
Operating Expense	\$ 461.6	\$ 438.5	\$ (23.1)	-5.3%	
Income from Operations*	\$ 40.4	\$ (2.9)	\$ 43.3	1493.1%	
<i>Operating Margin %</i>	8.0%	-0.6%	8.6%	1433.3%	
Non Operating Income**	\$ 9.9	\$ 7.2	\$ 2.7	37.5%	
Net Income	\$ 50.3	\$ 4.3	\$ 46.0	1069.8%	
<i>Net Income Margin %</i>	10.0%	1.0%	9.0%	900.0%	

* Income from Operations includes:

- \$0.2M** Prior Year Medicare Cost Report Settlement
- \$1.4M** AB113 Intergovernmental Transfer Payment
Related to FY18 & FY19 (ACA Pop Health Supplement)
- \$5.8M** Hospital Quality Assurance Fee, net
- \$0.4M** AB113 Intergovernmental Transfer Payment
Related to FY16 (ACA Pop Health Supplement)

\$7.8M Total Normalizing Items, Net

Favorable results due to:

- Higher than expected inpatient and outpatient volumes, coupled with favorable labor productivity in the first two months of the year and favorable payor mix in Nov and Dec

**Favorable variance in non-operating income is predominantly due to higher than expected returns on investments in subsidiaries

Consolidated Financial Summary

Year-to-Date March 2021 - Normalized

Profit/Loss Statement

\$ in Millions	FY 2021 YTD March				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 494.2	\$ 435.6	\$ 58.6	13.5%	
Operating Expense	\$ 461.6	\$ 438.5	\$ (23.1)	-5.3%	
Income from Operations	\$ 32.6	\$ (2.9)	\$ 35.5	1224.1%	
<i>Operating Margin %</i>	6.6%	-0.6%	7.2%	1200.0%	
Non Operating Income**	\$ 9.9	\$ 7.2	\$ 2.7	37.5%	
Net Income	\$ 42.5	\$ 4.3	\$ 38.2	888.4%	
<i>Net Income Margin %</i>	8.6%	1.0%	7.6%	760.0%	

SVMH Financial Highlights March 2021

Gross Revenues were favorable

- **Gross Revenues** were **12% favorable** to budget
- **IP gross revenues** were **12% favorable** to budget
 - **ED gross revenues** were **14% unfavorable** to budget
 - **OP gross revenues** were **22% favorable** to budget in the following areas:
 - Infusion Therapy
 - Other OP Pharmacy
 - Cardiology
 - Surgery
 - Other OP Services

- **Commercial:** on budget
- **Medicaid:** 6% **above** budget
- **Medicare:** 23% **above** budget

Payor Mix - **unfavorable** to budget

Total Normalized Net Patient Revenues were \$47.0M, which was **favorable** to budget by \$3.0M or 6.7%

Financial Summary – March 2021



1) Higher than expected Inpatient business:

- Average daily census was at 116, 2% above budget of 113

2) Total admissions were 3% or 28 admits above budget.

- ER admissions were 5% above budget (29 admits)
- ER admissions (including OB ED) were 82% of total acute admissions

3) Inpatient Surgeries were 16% (24 cases) above budget at 175

4) Strong Outpatient business:

- Stronger than expected patient volumes in Infusion Therapy, Cardiology and Other OP services

5) Outpatient Surgeries were 8% (20 cases) above budget at 268

6) Total Acute ALOS was 1% favorable at 4.0 vs 4.1 days budgeted



7) ER Outpatient visits were below budget by 13% (399 visits);

- Compared to July, visits decreased from 4,456 to 2,709 (a 39% decline)

8) Deliveries were 15% (23 deliveries) below budget at 134

9) OP Observation cases were 20% (29 cases) above budget at 173

10) Medicare ALOS CMI adjusted was 2% unfavorable at 2.5 days with a Case Mix Index of 1.8



CMI – All Discharges (with & without COVID)

Based on Discharges

July 2020 thru March 2021

All Payors	All Discharges				COVID Discharges Only				Discharges Excluding COVID			
Month	All Payor CMI	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS
7/31/2020	1.58	906	118	4.0	2.08	108	17	4.8	1.51	798	101	3.9
8/31/2020	1.68	859	117	4.2	2.32	89	18	6.4	1.60	770	99	4.0
9/30/2020	1.71	818	112	4.1	2.27	58	15	7.7	1.66	760	98	3.8
10/31/2020	1.64	864	115	4.1	2.39	55	13	7.5	1.59	809	102	3.9
11/30/2020	1.76	784	110	4.2	2.32	93	18	5.7	1.68	691	92	4.0
12/31/2020	1.76	852	121	4.4	2.15	222	45	6.2	1.62	630	77	3.8
1/31/2021	1.81	891	139	4.8	2.33	289	65	7.0	1.56	602	74	3.8
2/28/2021	1.78	767	119	4.4	2.36	89	27	8.4	1.70	678	92	3.8
3/31/2021	1.73	876	116	4.1	3.11	27	11	12.8	1.69	849	105	3.8
Total	1.72	7,617	119	4.3	2.37	1,030	26	6.8	1.63	6,587	93	3.9

Medicare	Medicare Discharges				Medicare COVID Discharges Only				Medicare Discharges Excluding			
Month	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS
7/31/2020	1.69	334	44	4.1	1.82	32	5	5.0	1.68	302	39	4.0
8/31/2020	1.82	315	51	5.1	2.41	27	7	8.1	1.76	288	44	4.8
9/30/2020	1.90	285	45	4.7	2.11	16	4	7.9	1.89	269	41	4.5
10/31/2020	1.80	332	47	4.4	2.45	19	4	7.1	1.76	313	43	4.2
11/30/2020	1.88	302	47	4.7	2.29	30	8	7.9	1.83	272	39	4.3
12/31/2020	1.96	322	51	4.9	1.97	95	16	5.3	1.96	227	35	4.8
1/31/2021	1.97	358	65	5.6	2.31	133	30	6.9	1.77	225	35	4.8
2/28/2021	1.96	277	50	5.0	2.42	40	12	8.7	1.88	237	37	4.4
3/31/2021	1.83	337	50	4.6	4.62	7	5	22.9	1.77	330	45	4.2
Total	1.87	2,862	50	4.8	2.49	399	10	7.0	1.81	2,463	40	4.4

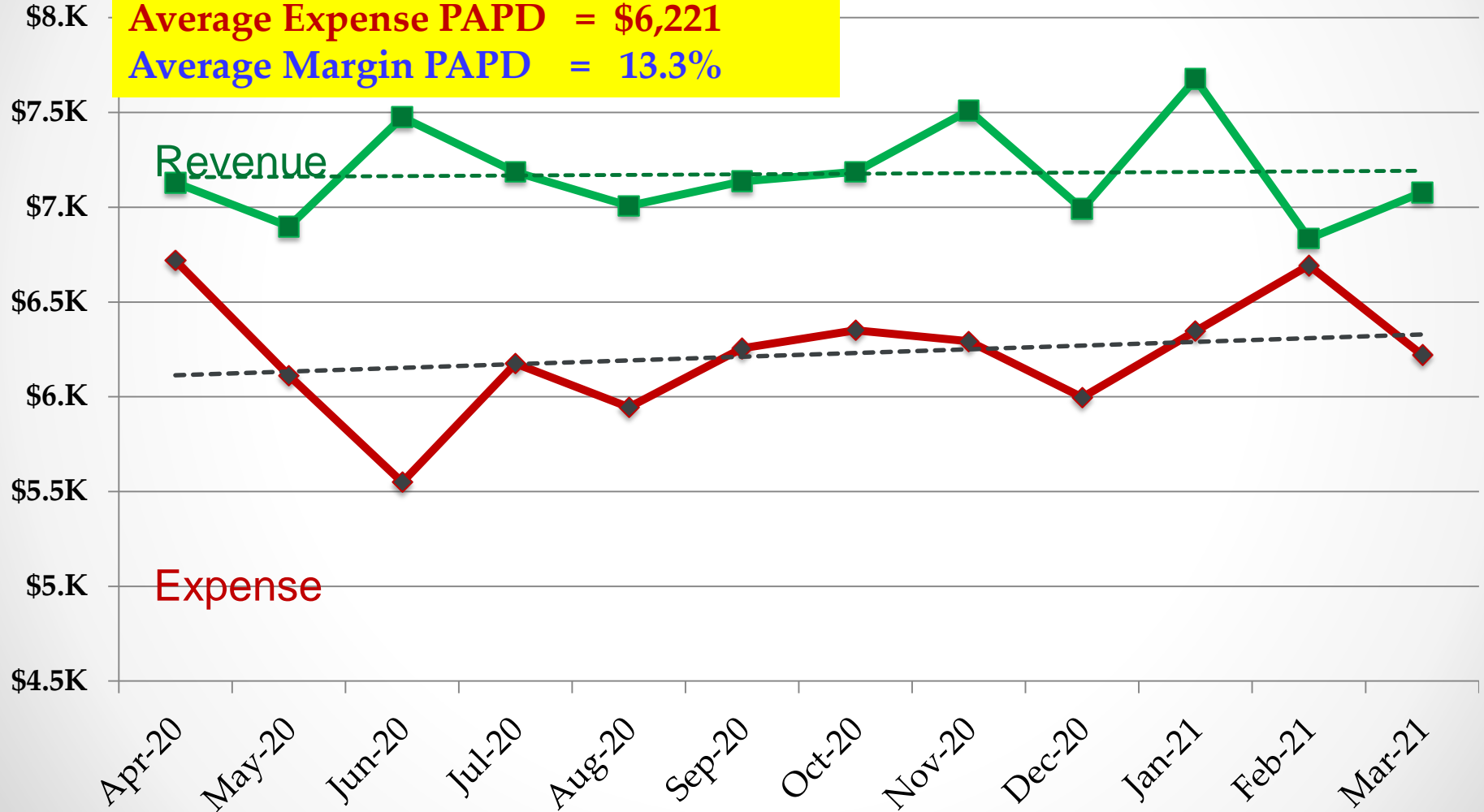
SVMH Revenues & Expenses Per Adjusted Patient Day (Normalized)

Rolling 12 Months: April 20 to March 21

Average Revenue PAPD = \$7,176

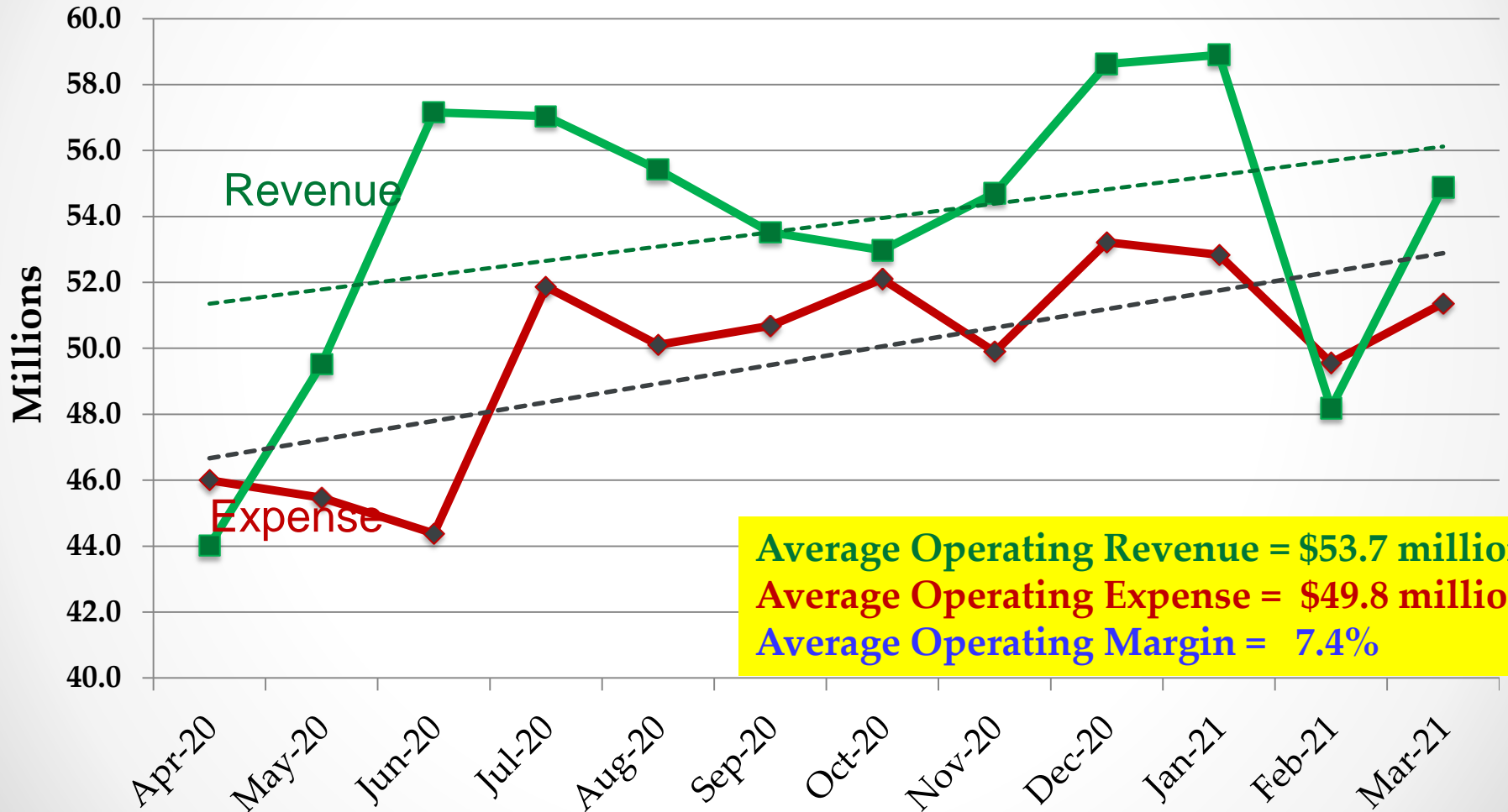
Average Expense PAPD = \$6,221

Average Margin PAPD = 13.3%



SVMHS Operating Revenues & Expenses (Normalized)

Rolling 12 Months: April 20 to March 21



SVMHS Key Financial Indicators

	YTD	SVMHS		S&P A+ Rated		YTD	
Statistic	Mar-21	Target	+/-	Hospitals	+/-	Mar-20	+/-
Operating Margin*	6.6%	9.0%		4.0%		13.3%	
Total Margin*	8.6%	10.8%		6.6%		15.8%	
EBITDA Margin**	10.7%	13.4%		13.6%		16.6%	
Days of Cash*	350	305		249		324	
Days of Accounts Payable*	44	45		-		50	
Days of Net Accounts Receivable***	52	45		49		46	
Supply Expense as % NPR	12.8%	15.0%		-		12.1%	
SWB Expense as % NPR	53.1%	53.0%		53.7%		50.3%	
Operating Expense per APD*	6,243	4,992		-		5,316	

*These metrics have been adjusted for normalizing items

**Metric based on Operating Income (consistent with industry standard)

***Metric based on 90 days average net revenue (consistent with industry standard)

Days of Cash and Accounts Payable metrics have been adjusted to **exclude** accelerated insurance payments (COVID-19 assistance)

QUESTIONS / COMMENTS

SALINAS VALLEY MEMORIAL HOSPITAL
SUMMARY INCOME STATEMENT
March 31, 2021

	<u>Month of March,</u>		<u>Nine months ended March 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 47,429,916	\$ 43,753,598	\$ 435,302,557	\$ 430,001,316
Other operating revenue	870,880	616,162	10,855,026	11,352,489
Total operating revenue	<u>48,300,796</u>	<u>44,369,760</u>	<u>446,157,583</u>	<u>441,353,805</u>
Total operating expenses	41,323,854	40,847,753	371,725,173	350,868,753
Total non-operating income	<u>(1,866,340)</u>	<u>(3,154,278)</u>	<u>(26,451,935)</u>	<u>(13,507,659)</u>
Operating and non-operating income	<u>\$ 5,110,601</u>	<u>\$ 367,729</u>	<u>\$ 47,980,475</u>	<u>\$ 76,977,392</u>

SALINAS VALLEY MEMORIAL HOSPITAL
BALANCE SHEETS
March 31, 2021

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 405,963,920	\$ 288,416,691
Assets whose use is limited or restricted by board	139,617,493	125,582,447
Capital assets	257,044,326	252,911,769
Other assets	194,234,762	188,343,238
Deferred pension outflows	<u>83,379,890</u>	<u>62,468,517</u>
	<u>\$ 1,080,240,391</u>	<u>\$ 917,722,662</u>
LIABILITIES AND EQUITY:		
Current liabilities	145,331,779	80,716,772
Long term liabilities	14,780,904	16,674,336
	126,340,336	108,929,468
Net assets	<u>793,787,372</u>	<u>711,402,086</u>
	<u>\$ 1,080,240,391</u>	<u>\$ 917,722,662</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
SCHEDULES OF NET PATIENT REVENUE
March 31, 2021**

	<u>Month of March,</u>		<u>Nine months ended March 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,769	1,697	15,372	17,097
Medi-Cal	944	1,045	9,510	9,692
Commercial insurance	730	665	7,118	7,307
Other patient	162	107	1,139	1,063
Total patient days	<u>3,605</u>	<u>3,514</u>	<u>33,139</u>	<u>35,159</u>
Gross revenue:				
Medicare	\$ 96,464,718	\$ 82,680,167	\$ 745,058,744	\$ 769,528,313
Medi-Cal	54,106,484	53,021,874	478,023,577	478,603,821
Commercial insurance	47,268,300	43,912,761	438,642,073	432,415,141
Other patient	9,020,049	6,939,807	74,375,095	75,992,094
Gross revenue	<u>206,859,551</u>	<u>186,554,609</u>	<u>1,736,099,489</u>	<u>1,756,539,370</u>
Deductions from revenue:				
Administrative adjustment	258,412	805,989	2,953,436	3,380,683
Charity care	1,618,702	783,283	8,746,858	8,615,907
Contractual adjustments:				
Medicare outpatient	29,474,721	23,956,942	217,956,379	231,528,863
Medicare inpatient	41,477,237	39,055,238	335,532,532	358,731,447
Medi-Cal traditional outpatient	2,399,664	2,336,861	18,414,714	26,329,398
Medi-Cal traditional inpatient	5,153,618	6,452,548	66,320,197	54,911,303
Medi-Cal managed care outpatient	20,173,907	19,781,060	161,765,154	184,143,967
Medi-Cal managed care inpatient	20,050,924	18,016,253	165,420,438	157,067,186
Commercial insurance outpatient	16,947,025	15,089,383	139,560,458	131,343,156
Commercial insurance inpatient	17,166,458	13,195,855	144,151,005	129,312,700
Uncollectible accounts expense	3,616,920	3,322,176	31,781,522	31,144,409
Other payors	1,092,047	5,423	8,194,239	10,029,035
Deductions from revenue	<u>159,429,635</u>	<u>142,801,011</u>	<u>1,300,796,932</u>	<u>1,326,538,054</u>
Net patient revenue	<u>\$ 47,429,916</u>	<u>\$ 43,753,598</u>	<u>\$ 435,302,557</u>	<u>\$ 430,001,316</u>
Gross billed charges by patient type:				
Inpatient	\$ 111,767,856	\$ 100,042,803	\$ 966,010,712	\$ 934,678,901
Outpatient	74,010,669	63,933,230	581,827,837	585,961,158
Emergency room	21,081,026	22,578,576	188,260,939	235,899,311
Total	<u>\$ 206,859,551</u>	<u>\$ 186,554,609</u>	<u>\$ 1,736,099,488</u>	<u>\$ 1,756,539,370</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
STATEMENTS OF REVENUE AND EXPENSES
March 31, 2021**

	<u>Month of March,</u>		<u>Nine months ended March 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 47,429,916	\$ 43,753,598	\$ 435,302,557	\$ 430,001,316
Other operating revenue	870,880	616,162	10,855,026	11,352,489
Total operating revenue	<u>48,300,796</u>	<u>44,369,760</u>	<u>446,157,583</u>	<u>441,353,805</u>
Operating expenses:				
Salaries and wages	15,513,674	15,537,679	142,970,822	131,858,773
Compensated absences	2,509,569	2,566,847	23,575,957	23,366,167
Employee benefits	6,604,461	7,254,714	65,354,877	66,354,532
Supplies, food, and linen	6,064,210	6,355,218	55,792,814	51,369,122
Purchased department functions	3,585,883	3,161,255	28,560,584	27,568,052
Medical fees	1,947,201	1,909,711	15,590,221	15,408,170
Other fees	1,975,660	1,058,398	13,119,636	9,456,125
Depreciation	1,798,937	1,731,412	16,100,727	15,222,514
All other expense	1,324,259	1,272,519	10,659,535	10,265,298
Total operating expenses	<u>41,323,854</u>	<u>40,847,753</u>	<u>371,725,173</u>	<u>350,868,753</u>
Income from operations	<u>6,976,942</u>	<u>3,522,007</u>	<u>74,432,410</u>	<u>90,485,052</u>
Non-operating income:				
Donations	166,667	166,667	2,000,000	1,504,200
Property taxes	333,333	333,333	3,000,000	3,000,000
Investment income	(558,512)	(334,430)	140,225	3,698,185
Taxes and licenses	0	0	0	0
Income from subsidiaries	(1,807,828)	(3,319,848)	(31,592,160)	(21,710,044)
Total non-operating income	<u>(1,866,340)</u>	<u>(3,154,278)</u>	<u>(26,451,935)</u>	<u>(13,507,659)</u>
Operating and non-operating income	5,110,601	367,729	47,980,475	76,977,392
Net assets to begin	<u>788,676,770</u>	<u>711,034,357</u>	<u>745,806,898</u>	<u>634,424,693</u>
Net assets to end	<u>\$ 793,787,372</u>	<u>\$ 711,402,086</u>	<u>\$ 793,787,372</u>	<u>\$ 711,402,086</u>
Net income excluding non-recurring items	\$ 4,700,157	\$ (38,002)	\$ 40,199,331	\$ 76,747,018
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>410,444</u>	<u>405,731</u>	<u>7,781,144</u>	<u>230,374</u>
Operating and non-operating income	<u>\$ 5,110,601</u>	<u>\$ 367,729</u>	<u>\$ 47,980,475</u>	<u>\$ 76,977,392</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
SCHEDULES OF INVESTMENT INCOME
March 31, 2021**

	Month of March,		Nine months ended March 31,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 133,139	\$ 153,010	\$ 1,196,487	\$ 1,517,378
Discounts and scrap sale	238,710	77,234	755,218	1,374,150
Sale of products and services	9,523	16,365	179,090	180,422
Clinical trial fees	56,016	0	102,144	0
Stimulus Funds	0	0	0	0
Rental income	173,421	145,983	1,443,620	1,290,273
Other	260,071	223,570	7,178,467	6,990,266
	<u>\$ 870,880</u>	<u>\$ 616,162</u>	<u>\$ 10,855,026</u>	<u>\$ 11,352,489</u>
Detail of investment income:				
Bank and payor interest	\$ 155,425	\$ 295,827	\$ 1,070,171	\$ 2,200,410
Income from investments	(724,438)	(630,257)	(968,440)	1,491,118
Gain or loss on property and equipment	10,500	0	38,494	6,657
	<u>\$ (558,512)</u>	<u>\$ (334,430)</u>	<u>\$ 140,225</u>	<u>\$ 3,698,185</u>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (254,874)	\$ (915,500)	\$ (1,679,829)	\$ (1,660,188)
Neurological Clinic	42,495	(21,342)	(615,676)	(646,077)
Palliative Care Clinic	(99,836)	(47,739)	(685,930)	(507,054)
Surgery Clinic	(126,805)	(310,470)	(1,500,414)	(1,040,290)
Infectious Disease Clinic	(45,391)	16,050	(259,486)	(225,061)
Endocrinology Clinic	(139,673)	(195,763)	(1,603,861)	(1,258,496)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(112,628)	(286,152)	(4,286,539)	(3,929,076)
OB/GYN Clinic	(167,826)	(396,168)	(3,107,049)	(1,701,371)
PrimeCare Medical Group	(230,374)	(587,060)	(7,667,455)	(5,366,542)
Oncology Clinic	(261,270)	(216,333)	(2,465,264)	(1,954,234)
Cardiac Surgery	(68,360)	(137,581)	(1,465,452)	(971,252)
Sleep Center	18,928	(52,263)	(516,695)	(660,862)
Rheumatology	(102,569)	(4,225)	(454,445)	(201,704)
Precision Ortho MDs	(78,584)	(214,425)	(3,285,799)	(2,448,465)
Precision Ortho-MRI	(55)	(6,563)	(1,570)	(10,678)
Precision Ortho-PT	(62,364)	(22,824)	(439,341)	(49,494)
Dermatology	(32,555)	10,316	(277,359)	8,879
Hospitalists	0	1	0	0
Behavioral Health	(96,071)	(63,642)	(674,405)	(451,366)
Pediatric Diabetes	(63,171)	(32,451)	(305,803)	(284,317)
Neurosurgery	(10,773)	(23,072)	(260,061)	(172,879)
Multi-Specialty-RR	14,638	27,174	34,311	115,226
Radiology	(104,926)	0	(1,755,971)	0
Salinas Family Practice	(13,982)	0	(13,982)	0
Total SVMC	(1,996,026)	(3,480,032)	(33,288,075)	(23,415,301)
Doctors on Duty	(53,246)	(205,859)	127,825	332,725
Assisted Living	(6,987)	(4,736)	(61,346)	(48,222)
Salinas Valley Imaging	0	(2,712)	(19,974)	19,904
Vantage Surgery Center	11,410	9,819	176,761	163,415
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	87,646	258,662	792,671	1,214,968
Aspire/CHI/Coastal	64,579	374,566	(60,579)	(410,244)
Apex	33,824	(222,762)	70,531	109,878
21st Century Oncology	15,768	19,289	(56,516)	159,858
Monterey Bay Endoscopy Center	35,206	(66,084)	726,543	162,975
	<u>\$ (1,807,828)</u>	<u>\$ (3,319,848)</u>	<u>\$ (31,592,160)</u>	<u>\$ (21,710,044)</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
BALANCE SHEETS
March 31, 2021**

	Current year	Prior year
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 301,377,642	\$ 199,142,464
Patient accounts receivable, net of estimated uncollectibles of \$20,603,346	87,793,712	68,465,174
Supplies inventory at cost	8,406,686	5,998,899
Other current assets	8,385,880	14,810,154
Total current assets	405,963,920	288,416,691
Assets whose use is limited or restricted by board	139,617,493	125,582,447
Capital assets:		
Land and construction in process	48,483,144	61,031,768
Other capital assets, net of depreciation	208,561,182	191,880,002
Total capital assets	257,044,326	252,911,769
Other assets:		
Investment in Securities	148,035,498	146,015,591
Investment in SVMC	13,147,740	13,091,623
Investment in Aspire/CHI/Coastal	4,712,439	4,450,428
Investment in other affiliates	24,968,716	21,691,849
Net pension asset	3,370,369	3,093,747
Total other assets	194,234,762	188,343,238
Deferred pension outflows	83,379,890	62,468,517
	\$ 1,080,240,391	\$ 917,722,662
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 53,306,670	\$ 53,333,810
Due to third party payers	74,164,402	9,846,735
Current portion of self-insurance liability	17,860,707	17,536,227
Total current liabilities	145,331,779	80,716,772
Long term portion of workers comp liability	14,780,904	16,674,336
Total liabilities	160,112,683	97,391,108
Pension liability	126,340,336	108,929,468
Net assets:		
Invested in capital assets, net of related debt	257,044,326	252,911,769
Unrestricted	536,743,046	458,490,317
Total net assets	793,787,372	711,402,086
	\$ 1,080,240,391	\$ 917,722,662

SALINAS VALLEY MEMORIAL HOSPITAL
STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL
March 31, 2021

	Month of March,				Nine months ended March 31,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 206,859,551	\$ 184,763,895	22,095,656	11.96%	\$ 1,736,099,489	\$ 1,526,413,700	209,685,789	13.74%
Deductions from revenue	159,429,635	140,699,523	18,730,112	13.31%	1,300,796,932	1,159,108,643	141,688,289	12.22%
Net patient revenue	47,429,916	44,064,372	3,365,544	7.64%	435,302,557	367,305,057	67,997,500	18.51%
Other operating revenue	870,880	919,590	(48,710)	-5.30%	10,855,026	8,276,306	2,578,720	31.16%
Total operating revenue	48,300,796	44,983,962	3,316,834	7.37%	446,157,583	375,581,363	70,576,220	18.79%
Operating expenses:								
Salaries and wages	15,513,674	15,380,308	133,366	0.87%	142,970,822	127,155,117	15,815,705	12.44%
Compensated absences	2,509,569	2,140,282	369,287	17.25%	23,575,957	24,247,303	(671,346)	-2.77%
Employee benefits	6,604,461	7,928,583	(1,324,122)	-16.70%	65,354,877	66,015,595	(660,718)	-1.00%
Supplies, food, and linen	6,064,210	5,336,595	727,615	13.63%	55,792,814	45,752,350	10,040,464	21.95%
Purchased department functions	3,585,883	3,121,212	464,671	14.89%	28,560,584	27,978,448	582,136	2.08%
Medical fees	1,947,201	1,678,265	268,936	16.02%	15,590,221	15,271,865	318,356	2.08%
Other fees	1,975,660	835,523	1,140,137	136.46%	13,119,636	7,617,773	5,501,863	72.22%
Depreciation	1,798,937	1,789,255	9,682	0.54%	16,100,727	16,103,298	(2,571)	-0.02%
All other expense	1,324,259	1,420,874	(96,615)	-6.80%	10,659,535	12,633,993	(1,974,458)	-15.63%
Total operating expenses	41,323,854	39,630,897	1,692,957	4.27%	371,725,173	342,775,742	28,949,431	8.45%
Income from operations	6,976,942	5,353,064	1,623,878	30.34%	74,432,410	32,805,621	41,626,789	126.89%
Non-operating income:								
Donations	166,667	166,667	0	0.00%	2,000,000	1,500,000	500,000	33.33%
Property taxes	333,333	333,333	(0)	0.00%	3,000,000	3,000,000	0	0.00%
Investment income	(558,512)	160,094	(718,606)	-448.87%	140,225	1,440,842	(1,300,617)	-90.27%
Income from subsidiaries	(1,807,828)	(4,214,462)	2,406,634	-57.10%	(31,592,160)	(34,545,269)	2,953,109	-8.55%
Total non-operating income	(1,866,340)	(3,554,369)	1,688,029	-47.49%	(26,451,935)	(28,604,428)	2,152,493	-7.53%
Operating and non-operating income \$	5,110,602	\$ 1,798,695	3,311,907	184.13%	\$ 47,980,475	\$ 4,201,194	43,779,281	1042.07%

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Mar and nine months to date

	Month of Mar		Nine months to date		Variance
	2020	2021	2019-20	2020-21	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	38	42	400	392	(8)
Other Admissions	95	93	979	851	(128)
Total Admissions	133	135	1,379	1,243	(136)
Medi-Cal Patient Days	61	67	651	590	(61)
Other Patient Days	147	169	1,671	1,390	(281)
Total Patient Days of Care	208	236	2,322	1,980	(342)
Average Daily Census	6.7	7.6	8.5	7.2	(1.2)
Medi-Cal Average Days	1.6	1.7	1.7	1.6	(0.2)
Other Average Days	0.7	1.8	1.7	1.6	(0.1)
Total Average Days Stay	1.6	1.7	1.7	1.6	(0.1)
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	333	351	3,519	2,867	(652)
Medi-Cal Admissions	270	247	2,301	2,126	(175)
Other Admissions	378	277	2,907	2,498	(409)
Total Admissions	981	875	8,727	7,491	(1,236)
Medicare Patient Days	1,486	1,522	15,368	1,344	(14,024)
Medi-Cal Patient Days	1,037	1,025	9,832	1,048	(8,784)
Other Patient Days	830	1,038	8,904	30,729	21,825
Total Patient Days of Care	3,353	3,585	34,104	33,121	(983)
Average Daily Census	108.2	115.6	124.5	120.9	(3.6)
Medicare Average Length of Stay	4.3	4.4	4.4	0.5	(3.9)
Medi-Cal Average Length of Stay	3.7	3.5	3.7	0.4	(3.2)
Other Average Length of Stay	2.2	2.9	2.3	9.3	7.0
Total Average Length of Stay	3.4	3.6	3.4	3.8	0.4
Deaths	18	28	236	348	112
Total Patient Days	3,561	3,821	36,426	35,101	(1,325)
Medi-Cal Administrative Days	6	1	66	165	99
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	6	1	66	165	99
Percent Non-Acute	0.17%	0.03%	0.18%	0.47%	0.29%

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Mar and nine months to date

	Month of Mar		Nine months to date		Variance
	2020	2021	2019-20	2020-21	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	344	321	2,620	2,409	(211)
Heart Center	358	341	3,177	3,062	(115)
Monitored Beds	782	621	8,074	7,622	(452)
Single Room Maternity/Obstetrics	340	359	3,686	3,124	(562)
Med/Surg - Cardiovascular	645	811	6,836	6,690	(146)
Med/Surg - Oncology	242	104	2,276	1,471	(805)
Med/Surg - Rehab	297	471	3,706	3,925	219
Pediatrics	96	142	975	888	(87)
Nursery	208	236	2,322	1,980	(342)
Neonatal Intensive Care	160	115	1,041	1,154	113
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	85.36%	79.65%	73.29%	67.38%	
Heart Center	76.99%	73.33%	77.02%	74.23%	
Monitored Beds	93.43%	74.19%	108.74%	102.65%	
Single Room Maternity/Obstetrics	29.64%	31.30%	36.23%	30.70%	
Med/Surg - Cardiovascular	46.24%	58.14%	55.24%	54.06%	
Med/Surg - Oncology	60.05%	25.81%	63.66%	41.15%	
Med/Surg - Rehab	36.85%	58.44%	51.83%	54.90%	
Med/Surg - Observation Care Unit	0.00%	56.93%	0.00%	59.38%	
Pediatrics	17.20%	25.45%	19.70%	17.94%	
Nursery	40.66%	46.14%	25.59%	21.82%	
Neonatal Intensive Care	46.92%	33.72%	34.41%	38.15%	

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Mar and nine months to date

	Month of Mar		Nine months to date		Variance
	2020	2021	2019-20	2020-21	
<u>DELIVERY ROOM</u>					
Total deliveries	139	140	1,364	1,230	(134)
C-Section deliveries	37	52	429	381	(48)
Percent of C-section deliveries	26.62%	37.14%	31.45%	30.98%	-0.48%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	21,470	22,919	200,554	179,549	(21,005)
Out-Patient Operating Minutes	22,858	28,721	240,150	199,416	(40,734)
Total	44,328	51,640	440,704	378,965	(61,739)
Open Heart Surgeries	10	13	105	103	(2)
In-Patient Cases	159	172	1,510	1,272	(238)
Out-Patient Cases	241	271	2,520	2,147	(373)
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	23	34	278	298	20
High Risk	496	509	5,649	4,563	(1,086)
More Than One Resource	2,221	2,113	24,315	18,972	(5,343)
One Resource	1,646	855	14,178	10,974	(3,204)
No Resources	38	23	445	327	(118)
Total	4,424	3,534	44,865	35,134	(9,731)

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Mar and nine months to date

	Month of Mar		Nine months to date		Variance
	2020	2021	2019-20	2020-21	
CENTRAL SUPPLY					
In-patient requisitions	13,710	17,314	136,023	134,042	-1,981
Out-patient requisitions	9,969	10,715	94,812	86,558	-8,254
Emergency room requisitions	1,696	1,232	27,170	13,929	-13,241
Interdepartmental requisitions	6,364	6,718	64,138	62,303	-1,835
Total requisitions	<u>31,739</u>	<u>35,979</u>	<u>322,143</u>	<u>296,832</u>	<u>-25,311</u>
LABORATORY					
In-patient procedures	31,452	36,166	314,737	322,515	7,778
Out-patient procedures	8,799	11,769	93,176	98,332	5,156
Emergency room procedures	8,268	8,755	91,736	78,032	-13,704
Total patient procedures	<u>48,519</u>	<u>56,690</u>	<u>499,649</u>	<u>498,879</u>	<u>-770</u>
BLOOD BANK					
Units processed	<u>333</u>	<u>275</u>	<u>2,583</u>	<u>2,592</u>	<u>9</u>
ELECTROCARDIOLOGY					
In-patient procedures	896	1,044	9,489	8,393	-1,096
Out-patient procedures	346	488	4,251	3,572	-679
Emergency room procedures	744	877	8,578	7,867	-711
Total procedures	<u>1,986</u>	<u>2,409</u>	<u>22,318</u>	<u>19,832</u>	<u>-2,486</u>
CATH LAB					
In-patient procedures	79	89	765	682	-83
Out-patient procedures	72	100	777	763	-14
Emergency room procedures	0	0	0	1	1
Total procedures	<u>151</u>	<u>189</u>	<u>1,542</u>	<u>1,446</u>	<u>-96</u>
ECHO-CARDIOLOGY					
In-patient studies	278	352	2,757	2,652	-105
Out-patient studies	159	205	1,792	1,630	-162
Emergency room studies	0	1	12	18	6
Total studies	<u>437</u>	<u>558</u>	<u>4,561</u>	<u>4,300</u>	<u>-261</u>
NEURODIAGNOSTIC					
In-patient procedures	150	165	1,561	1,410	-151
Out-patient procedures	24	15	198	216	18
Emergency room procedures	0	0	1	0	-1
Total procedures	<u>174</u>	<u>180</u>	<u>1,760</u>	<u>1,626</u>	<u>-134</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Mar and nine months to date

	Month of Mar		Nine months to date		Variance
	2020	2021	2019-20	2020-21	
SLEEP CENTER					
In-patient procedures	0	0	0	1	1
Out-patient procedures	171	204	1,840	1,705	-135
Emergency room procedures	0	0	0	0	0
Total procedures	171	204	1,840	1,706	-134
RADIOLOGY					
In-patient procedures	1,296	1,349	12,083	12,232	149
Out-patient procedures	357	452	3,928	5,183	1,255
Emergency room procedures	1,322	950	13,117	9,817	-3,300
Total patient procedures	2,975	2,751	29,128	27,232	-1,896
MAGNETIC RESONANCE IMAGING					
In-patient procedures	117	146	1,220	1,127	-93
Out-patient procedures	75	145	758	1,248	490
Emergency room procedures	4	9	95	98	3
Total procedures	196	300	2,073	2,473	400
MAMMOGRAPHY CENTER					
In-patient procedures	2,647	3,420	32,375	27,186	-5,189
Out-patient procedures	2,649	3,396	32,260	27,023	-5,237
Emergency room procedures	0	0	7	3	-4
Total procedures	5,296	6,816	64,642	54,212	-10,430
NUCLEAR MEDICINE					
In-patient procedures	14	19	168	114	-54
Out-patient procedures	81	70	765	641	-124
Emergency room procedures	0	2	4	7	3
Total procedures	95	91	937	762	-175
PHARMACY					
In-patient prescriptions	81,007	84,864	809,995	800,458	-9,537
Out-patient prescriptions	15,455	15,955	148,026	128,427	-19,599
Emergency room prescriptions	6,097	5,223	70,382	47,240	-23,142
Total prescriptions	102,559	106,042	1,028,403	976,125	-52,278
RESPIRATORY THERAPY					
In-patient treatments	15,486	15,205	144,654	189,600	44,946
Out-patient treatments	386	500	4,991	4,182	-809
Emergency room treatments	295	166	3,854	1,539	-2,315
Total patient treatments	16,167	15,871	153,499	195,321	41,822
PHYSICAL THERAPY					
In-patient treatments	2,196	2,507	22,081	20,806	-1,275
Out-patient treatments	260	356	2,430	2,335	-95
Emergency room treatments	0	0	0	0	0
Total treatments	2,456	2,863	24,511	23,141	-1,370

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Mar and nine months to date

	Month of Mar		Nine months to date		Variance
	2020	2021	2019-20	2020-21	
OCCUPATIONAL THERAPY					
In-patient procedures	1,422	1,697	13,193	12,628	-565
Out-patient procedures	119	188	1,149	1,131	-18
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,541</u>	<u>1,885</u>	<u>14,342</u>	<u>13,759</u>	<u>-583</u>
SPEECH THERAPY					
In-patient treatments	393	467	3,363	3,493	130
Out-patient treatments	11	34	215	252	37
Emergency room treatments	0	0	2	0	-2
Total treatments	<u>404</u>	<u>501</u>	<u>3,580</u>	<u>3,745</u>	<u>165</u>
CARDIAC REHABILITATION					
In-patient treatments	1	0	1	0	-1
Out-patient treatments	405	581	4,218	3,715	-503
Emergency room treatments	0	0	0	1	1
Total treatments	<u>406</u>	<u>581</u>	<u>4,219</u>	<u>3,716</u>	<u>-503</u>
CRITICAL DECISION UNIT					
Observation hours	<u>250</u>	<u>295</u>	<u>2,761</u>	<u>2,462</u>	<u>-299</u>
ENDOSCOPY					
In-patient procedures	96	117	819	842	23
Out-patient procedures	50	29	303	209	-94
Emergency room procedures	0	0	0	0	0
Total procedures	<u>146</u>	<u>146</u>	<u>1,122</u>	<u>1,051</u>	<u>-71</u>
C.T. SCAN					
In-patient procedures	563	611	5,755	4,937	-818
Out-patient procedures	247	452	2,376	4,471	2,095
Emergency room procedures	445	482	5,427	4,122	-1,305
Total procedures	<u>1,255</u>	<u>1,545</u>	<u>13,558</u>	<u>13,530</u>	<u>-28</u>
DIETARY					
Routine patient diets	16,765	19,048	178,269	147,660	-30,609
Meals to personnel	23,772	20,635	225,167	182,826	-42,341
Total diets and meals	<u>40,537</u>	<u>39,683</u>	<u>403,436</u>	<u>330,486</u>	<u>-72,950</u>
LAUNDRY AND LINEN					
Total pounds laundered	<u>120,758</u>	<u>97,852</u>	<u>1,151,969</u>	<u>900,319</u>	<u>-251,650</u>

PUBLIC INPUT

NO CLOSED SESSION

*ADJOURNMENT – THE MAY 2021
PERSONNEL, PENSION AND
INVESTMENT COMMITTEE MEETING
IS SCHEDULED FOR TUESDAY,
MAY 25, 2021, AT 12:00 P.M.*