BAL HARBOUR

- VILLAGE -

General Employees' Retirement Board

Regular Meeting Agenda
April 9, 2024
At 6:30 PM

Bal Harbour Village Hall • 655 - 96th Street • Bal Harbour • Florida 33154

This meeting will be conducted in-person. The meeting will also be broadcast on the Village's website (www.balharbourfl.gov) and members of the public are encouraged to participate by email (meetings@balharbourfl.gov) or by telephone at 305-865-6449.

1 CALL TO ORDER / ROLL CALL

2 PLEDGE OF ALLEGIANCE

3 APPROVAL OF MINUTES

3.1 November 21, 2023 Board Minutes
GERB_Minutes_November 21, 2023.pdf

4 OCTOBER 1, 2023 ACTUARIAL VALUATION PRESENTATION

4.1 October 1, 2023 Actuary Valuation
10-1-2023 Bal Harbour Village Employees Pension Plan Valuation Report.pdf

5 QUARTERLY INVESTMENT REPORTS

5.1 Quarterly Investment Report 12/31/2023
Village of Bal Harbour 4Q 2023.pdf

5.2 INVESTMENT POLICY STATEMENT
Bal Harbour Village General _IPS 12 2023 Marked.pdf

6 LORI MOBLEY DROP EXIT LUMP SUM

6.1 Lori Mobley DROP lump Sum
Lori Mobley DROP Exit Letter.pdf

7 PUBLIC COMMENTS

8 MOTION TO ADJOURN

One or more members of any Village Committee/Board may attend this meeting of the Council and may discuss matters which may later come before their respective Boards/Committees. The New Business and Council Discussion Section includes a section for Public Comment. On public comment matters, any person is entitled to be heard by this Council on any matter; however, no action shall be taken by the Council on a matter of public comment, unless the item is specifically listed on the agenda, or is added to the agenda by Council action.

Any person who acts as a lobbyist, pursuant to Village Code Section 2-301 (Lobbyists), must register with the Village Clerk, prior to engaging in lobbying activities before Village staff, boards, committees, and/or the Village Council. A copy of the Ordinance is available in the Village Clerk's Office at Village Hall.

If a person decides to appeal any decision made by the Village Council with respect to any matter considered at a meeting or hearing, that person will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based (F.S. 286.0105).

In accordance with the Americans with Disabilities Act of 1990, all persons who are disabled and who need special accommodations to participate in this proceeding because of that disability should contact the Village Clerk's Office (305-866-4633), not later than two business days prior to such proceeding.

All Village Council meeting attendees, including Village staff and consultants, are subject to security screening utilizing a metal detector and/or wand, prior to entering the Council Chamber, Conference Room, or other meeting area located within Village Hall. This is for the safety of everyone. Thanks for your cooperation.

BAL HARBOUR

- VILLAGE -

Mayor Jeffrey Freimark
Assistant Mayor Seth E. Salver
Councilman David J. Albaum
Councilman David Wolf
Councilman Buzzy Sklar
Lourdes Rodriguez – Staff Member (Elect)
Lissandra Almaguer – Staff Member (Elect)

Village Manager Jorge M. Gonzalez
Village Clerk Dwight S. Danie
Village Attorneys Weiss Serota Helfman Cole & Bierman, P.L.

General Employees' Retirement Board

Regular Meeting Minutes
November 21, 2023
At 6:30 PM

Bal Harbour Village Hall • 655 - 96th Street • Bal Harbour • Florida 33154

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1 **Call to Order -** Mayor Freimark called the meeting to order at 6:30 P.M.

The following were present:

Mayor Jeffrey Freimark
Assistant Mayor Seth Salver
Councilman David J. Albaum
Councilman Buzzy Sklar
Councilman David Wolf
Elected Staff Member Lourdes Rodriguez
Elected Staff Member Lissandra Almaguer

The following were present:

Also Present:

Jorge M. Gonzalez, Village Manager
Dwight S. Danie, Village Clerk
Susan Trevarthen, Village Attorney
Rick Rivera, Pension Administrator
Theodore Loew, Fund Consultant, MSGraystone

2 **Pledge of Allegiance -** Mayor Freimark led the Council to the Pledge of Allegiance

3 **Approval of Board Minutes:** September 19, 2023 – Regular Meeting

MOTION: A Motion to approve the September 19, 2023 regular meeting minutes was moved by Councilman Sklar and seconded by Councilman Wolf.

VOTE: The Motion passed by unanimous voice vote (6-0).

4 Village Manager's Memorandum

Village manager, Jorge Gonzalez, reviewed the Village Manager's memorandum that included the items, board minutes for approval, quarterly investment report and the ratification of an increased allocation to State of Israel Bonds.

5 Approve/Ratify Increase in Israel Bond Investment

Village manager, Jorge Gonzalez, said that at the October Counsel meeting the Counsel had approved an increase in the allocation to State of Israel Bonds by the pension board in the amount of $100,000 for a total investment of $175,000. He said that this action required formal approval by the pension board.

MOTION: A Motion to approve the allocation of $100,000 in State of Israel Bonds was moved by Mayor Freimark and seconded by Councilman Albaum.

VOTE: The Motion passed by unanimous voice vote (7-0).

6 Investment Consultant Quarterly Report for September 30, 2023

The Plan's investment consultant, Theodore Loew, provided the Counsel a quarter and year in review. He stated that the Plan had achieved a 10.81% rate of return for the fiscal year easily exceeding the Plan's target rate of 5.75%. . He reviewed the asset allocation of the Plan from the report. Mr. Loew's presentation concluded.

7 Request for Return of Accumulated Pension Contributions

The Village Manager reviewed former employee, Richard Carmenaty's lump sum request in the amount of $12,085.58.

MOTION: A Motion to approve the lump sum request by former employee Richard Carmenaty in the amount of $12,085.58 was moved by Assistant Mayor Salver and seconded by Councilman Sklar.

VOTE: The Motion passed by unanimous voice vote (7-0).

8 DROP Application for Approval

The Village Manager reviewed current employee Lori Mobley's DROP application.

MOTION: A Motion to approve the DROP application for Lori Mobley was moved by Councilman Sklar and seconded by Assistant Mayor Salver.

VOTE: The Motion passed by unanimous voice vote (7-0).

9 Public Comment - None

10 Motion to Adjourn

Motion: A Motion to adjourn the retirement meeting was made by Councilman Wolf and seconded by Councilman Albaum. The meeting was adjourned at 6:55 PM.

VOTE: The Motion passed by unanimous voice vote (7-0).

____
Mayor Jeffrey Freimark
Chair of the Board of Trustees

INCORPORATED 1946 BAL HARBOUR VILLAGE MIAMI-DADE COUNTY, FL

Attest:

____
Dwight S. Danie, Village Clerk, Board Secretary

BAL HARBOUR VILLAGE GENERAL EMPLOYEES' PENSION PLAN AND TRUST FUND

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2023
FOR FUNDING DURING THE YEAR ENDING SEPTEMBER 30, 2025

ANNUAL EMPLOYER CONTRIBUTION

IS DETERMINED BY THIS VALUATION

TO BE PAID DURING THE CONTRIBUTION YEAR ENDING

SEPTEMBER 30, 2025

P: 954.527.1616 | F: 954.525.0083 | www.grsconsulting.com

February 13, 2024

Bal Harbour Pension Board/Committee
Bal Harbour Village
655 96th Street
Bal Harbour Village, FL 33154

Board/Committee Members:

The results of the October 1, 2023 Annual Actuarial Valuation of the Bal Harbour Village General Employees' Pension Plan (the Plan) are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Plan and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the System's funding progress, to determine the employer contribution for the fiscal year ending September 30, 2025. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The contribution amount in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes risk metrics in Section A but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessments of risks were outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data or other information through September 30, 2023. The valuation was based upon information furnished by the Plan Administrator concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

This report was prepared using certain assumptions approved by the Board as authorized under Florida Statutes and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Methods. All actuarial assumptions used in this valuation are treated as approved and prescribed by the Retirement Board upon its acceptance and approval of this valuation report for its use. The assumed mortality rates detailed in the Actuarial Assumptions and Methods section were prescribed by the Florida Statutes in accordance with Florida House Bill 1309 later codified in F.S. 112.63(f). All actuarial assumptions used in this report are reasonable for purposes of this valuation. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e. not significantly optimistic or pessimistic). The contribution amount presented in this report meets criteria for the Reasonable Actuarially Determined Contribution.

One East Broward Boulevard | Suite 505 | Ft. Lauderdale, Florida 33301-1804

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement plans. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

James J. Rizzo and Piotr Krekora are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution amounts have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

James J. Rizzo, ASA, MAAA
Senior Consultant & Actuary

Piotr Krekora, ASA, MAAA
Senior Consultant & Actuary
Enrolled Actuary No. 23-8432

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SECTION A

DISCUSSION OF VALUATION RESULTS

EXECUTIVE SUMMARY

Comparison of Actuarially Determined Contribution

The following is a comparison of required contributions developed in this year's and the last actuarial valuations. The dollar amount of the contribution has increased compared to the previous valuation; however, as a percent of pay, it has decreased.

	For FYE 9/30/2025 Based on 10/01/23 Valuation	For FYE 9/30/2024 Based on 10/01/22 Valuation	Increase (Decrease)
Actuarially Determined Contribution	$ 1,972,788	$ 1,746,181	$ 226,607
As % of Expected Payroll	44.86 %	50.08 %	(5.22) %

Minimum Required Contribution

The Village contribution necessary to support the current benefits for the General Employees is $1,972,788 for the fiscal year beginning October 1, 2024. Please note that this amount was determined assuming the contribution would be deposited in a single sum during the first week of the contribution year, adjustments would be needed should the contribution timing change. The contribution shown above may be considered as a minimum contribution that complies with the Board's funding policy and the State Statute. Users of this report should be aware that contributions made at that level do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

Revisions in Funding Policy

There were no revisions in funding policy for the current year.

Revisions in Benefits

There were no revisions in benefits for the current year.

Revisions in Actuarial Assumptions or Methods

There were no revisions in actuarial assumptions or methods for the current year.

Actuarial Experience

For the current year, the Plan experienced an actuarial loss. Actuarial gains occur in a year whenever the experience of the plan is more favorable than was assumed. For example, if investments performance were better than the level being assumed in the actuarial valuation and costing process, then an actuarial gain results and would have the effect of lowering the Actuarially Determined Contribution for the year. Actuarial gains occur whenever more employees terminate employment than were assumed would terminate or when fewer than expected employees are to actually retire from the Village. Actuarial losses occur in a year whenever the experience of the plan is less favorable than was assumed. In the examples given above, if the reverse were to occur, then actuarial losses would result. As another example, if salaries increased in one year higher than was assumed, an actuarial loss would occur.

The actuarial valuation cost method which determines the Actuarially Determined Contribution is designed to produce contribution requirements which remain level as a percent of payroll whenever the experience of the plan matches the actuarial assumptions used. Contribution requirements are also level whenever actuarial losses exactly offset actuarial gains.

The plan experienced a net actuarial loss this year primarily due to the actuarial value of investments being less than the assumed rate (3.8% actual vs. 5.75% assumed). There was also a loss from salary increases exceeding the expected rates (5.5% actual vs. 4.0% assumed).

Relationship to Market Value

The investment return was 11.3% based on market value. The Actuarial Value of assets as of the valuation date exceeds the Market Value of assets by $964,697. This difference will be gradually recognized in the future.

In the absence of other gains and losses, the employer contribution rate should increase over the next several years as the actuarial values of assets converges to its market value.

Analysis of Change in Actuarially Determined Contribution

The Actuarially Determined Contribution expressed as a percent of payroll is less than determined in the prior valuation. The components of change in the Determined Contribution are as follows:

Contribution rate last year	50.08 %
Payment on UAAL prior to changes (if any)	(2.66)
Experience (gain)/loss	1.37
Change in administrative expense	(0.80)
Change in normal cost before expenses	(3.13)
Revision in benefits	0.00
Revision in assumptions/methods	0.00
Contribution rate this year	44.86

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

Recommendations

We recommend an update of our survey of professional investment forecasters (including input from the plan's investment consultant firm). Our last analysis was based on professional forecasters' 2018 expectations. This update may (a) guide decision-makers about whether to retain the same economic assumptions for the 2023 and subsequent valuation or adjust it and (b) guide GRS in knowing if the current return assumption continues to lie within (or outside) an updated range of reasonableness for compliance with Actuarial Standards of Practice No. 27.

Actuarial Standards of Practice (ASOP) No. 27 requires an assessment of the reasonableness of the actuarial assumptions selected or adopted by the Board. We consider all actuarial assumptions employed in this actuarial valuation to be reasonable, using broad definitions set forth in ASOP No. 27. This ASOP also requires a disclosure of information and analysis used to support the actuary's determination that the assumption does not significantly conflict with what, in the actuary's professional judgment, is reasonable for the purpose of the measurement.

There is a range of reasonableness for an appropriate pension return assumption, because no one knows for certain what the future will bring. Based on the capital market assumptions published by a dozen large professional investment forecasting firms (outlined in analysis summarized in our letter report dated February 12, 2019), the mid-point of our range of a reasonable return assumption for this valuation is 5.38%. The Board adopted a 5.75% return assumption for the October 1, 2021 actuarial valuation. While at the top end of our range presented in that letter, we still consider this assumption reasonable for 2023.

Furthermore, we recommend a comprehensive review of all actuarial assumptions in the next two or three years. The most recent review was conducted in 2017 based on data through September 30, 2016. Best practices call for experience studies to be performed every 3 to 5 years.

Excess Benefit Plan

Internal Revenue Code (IRC) Section 415 limits benefits payable by the Plan to an annual amount actuarially adjusted based on the age of the retiree at the date of distribution and the form of benefit. Contribution requirements and liabilities reported herein are based on the benefits that are limited according to those restrictions. The Village has created the Excess Benefit Plan to avoid reductions in the benefits otherwise payable to participants. The Excess Benefit Plan will pay the difference between the total benefit contractually promised to a member and the limit imposed on the pension fund by IRC Section 415. The Excess Benefit Plan will be paying a significant portion of the total annual benefit payable to now-retired Village Manager in accordance with IRC Section 415 and the Plan's Ordinance. This portion, which is a liability of the Village, is not subject of this Actuarial Valuation Report. There are no other employees currently subject to the IRC Section 415 limits.

RISKS ASSOCIATED WITH MEASURING THE ACCRUED LIABILITY AND ACTUARIALLY DETERMINED CONTRIBUTION

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;
2. Asset/Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The computed contribution amount shown on page A-1 may be considered as a minimum contribution amount that complies with the Board's funding policy. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	2023	2022	2021	2020
Ratio of the market value of assets to total payroll	4.45	4.91	6.99	6.03
Ratio of actuarial accrued liability to payroll	6.26	7.32	8.23	8.09
Ratio of actives to retirees and beneficiaries	1.47	1.24	1.09	1.06
Ratio of net cash flow to market value of assets	3.35%	3.20%	1.81%	2.06%

RATIO OF MARKET VALUE OF ASSETS TO PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

ADDITIONAL RISK ASSESSMENT

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

LOW-DEFAULT-RISK OBLIGATION MEASURE

Actuarial Standards of Practice No. 4 (ASOP No. 4) was revised and reissued in December 2021 by the Actuarial Standards Board (ASB). It includes a new calculation called a low-default-risk obligation measure (LDROM) to be prepared and issued annually for defined benefit pension plans. The transmittal memorandum for ASOP No. 4 includes the following explanation:

"The ASB believes that the calculation and disclosure of this measure provides appropriate, useful information for the intended user regarding the funded status of a pension plan. The calculation and disclosure of this additional measure is not intended to suggest that this is the "right" liability measure for a pension plan. However, the ASB does believe that this additional disclosure provides a more complete assessment of a plan's funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date."

The following information has been prepared in compliance with this new requirement. Unless otherwise noted, the measurement date, actuarial cost methods, and assumptions used are the same as for the funding valuation covered in this actuarial valuation report.

A. Low-default-risk Obligation Measure of benefits earned as of the measurement date: <u>$31,063,142</u> (compared to AAL of $26,484,565 developed using funding assumptions.)

B. Discount rate used to calculation the LDROM: <u>4.63% based on Fidelity's "20-Year Municipal GO AA Index" as of September 29, 2023</u>

C. Other significant assumptions that differ from those used for the funding valuation: <u>none</u>

D. Actuarial cost method used to calculate the LDROM: <u>Individual Entry-Age Actuarial Cost Method</u>

E. Valuation procedures to value any significant plan provisions that are difficult to measure using traditional valuation procedures, and that differ from the procedures used in the funding valuation: <u>none</u>

F. Commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of participant benefits:

<u>LDROM is a measurement of the pension obligation developed by discounting future cashflows with interest rates based on yields observed in the markets for low-default-risk securities and as such it provides a more complete assessment of a plan's funded status. It estimates the amount the plan would need if investing in low risk securities to provide the benefits with less volatility in the employer contributions and balance sheet liabilities. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligation</u>.

The difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on the risk in a diversified portfolio.

SECTION B

VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2023	**October 1, 2022**
ACTIVE MEMBERS		
Number	53	42
Covered Annual Payroll	$ 4,228,572	$ 3,352,648
Average Annual Payroll	$ 79,784	$ 79,825
Average Age	46.2	48.9
Average Past Service	5.0	5.8
Average Age at Hire	41.2	43.1
RETIREES, BENEFICIARIES, & DROP MEMBERS		
Number	36	34
Annual Benefits	$ 1,040,378	$ 993,570
Average Annual Benefit	$ 28,899	$ 29,223
Average Age	67.3	67.3
DISABILITY RETIREES		
Number	0	0
Annual Benefits	$ 0	$ 0
Average Annual Benefit	$ 0	$ 0
Average Age	0.0	0.0
TERMINATED VESTED MEMBERS		
Number	11	12
Annual Benefits	$ 98,120	$ 99,358
Average Annual Benefit	$ 8,920	$ 8,280
Average Age	43.5	44.3

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)		
A. Valuation Date	October 1, 2023	October 1, 2022
B. ADC to Be Paid During Fiscal Year Ending	9/30/2025	9/30/2024
C. Assumed Date(s) of Employer Contrib.	10/7/2024	10/7/2023
D. Annual Payment to Amortize Unfunded Actuarial Liability	$ 645,882	$ 557,969
E. Employer Normal Cost	1,217,633	1,091,491
F. ADC if Paid on the Valuation Date: D+E	1,863,515	1,649,460
G. ADC Adjusted for Frequency of Payments and Interest to Required Time of Contribution	1,972,788	1,746,181
J. Projected Covered Payroll for Contribution Year	4,397,715	3,486,754
H. ADC as % of Expected Payroll	44.86 %	50.08 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2023	October 1, 2022
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	$13,951,673	$11,603,227
b. Vesting Benefits	3,103,889	2,719,803
c. Disability Benefits	316,513	290,980
d. Preretirement Death Benefits	117,406	99,536
e. Return of Member Contributions	0	0
f. Total	17,489,481	14,713,546
2. Inactive Members		
a. Service Retirees & Beneficiaries	16,167,038	15,581,419
b. Disability Retirees	0	0
c. Terminated Vested Members	1,077,565	1,326,285
d. Total	17,244,603	16,907,704
3. Total for All Members	34,734,084	31,621,250
C. Actuarial Accrued (Past Service) Liability per Entry Age Normal Cost Method	26,484,565	24,542,106
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	24,454,592	22,511,242
E. Plan Assets		
1. Market Value	18,817,166	16,477,690
2. Actuarial Value	19,781,863	18,595,491
F. Unfunded Actuarial Accrued Liability	6,702,702	5,946,615
G. Actuarial Present Value of Projected Covered Payroll	25,313,936	19,412,373
H. Actuarial Present Value of Projected Member Contributions	1,854,375	1,368,008

FINANCIAL POSITION OF THE PLAN

The purpose of this portion of the Report is to provide certain measures which indicate the financial position of the program. Measures presented below illustrate short-term and long term position of the plan.

The various percentages listed in this Section as of a single valuation date are not overly significant standing alone. What is more significant is the trend of the rates over a period of years. It is also important to keep in mind that each time there are revised benefits or assumptions, actuarial liabilities are created or diminished. Any newly created liabilities are financed systematically over a period of future years. All actuarially computed values in this analysis are based on the actuarial assumptions utilized in the respective years' actuarial valuations.

Short Term Position

The ultimate test of financial soundness is the program's ability to pay all promised benefits when due. The program's progress in accumulating assets to pay all promised benefits can be measured by comparing the market value of assets with:

1. Accumulated contributions of active members of the program,

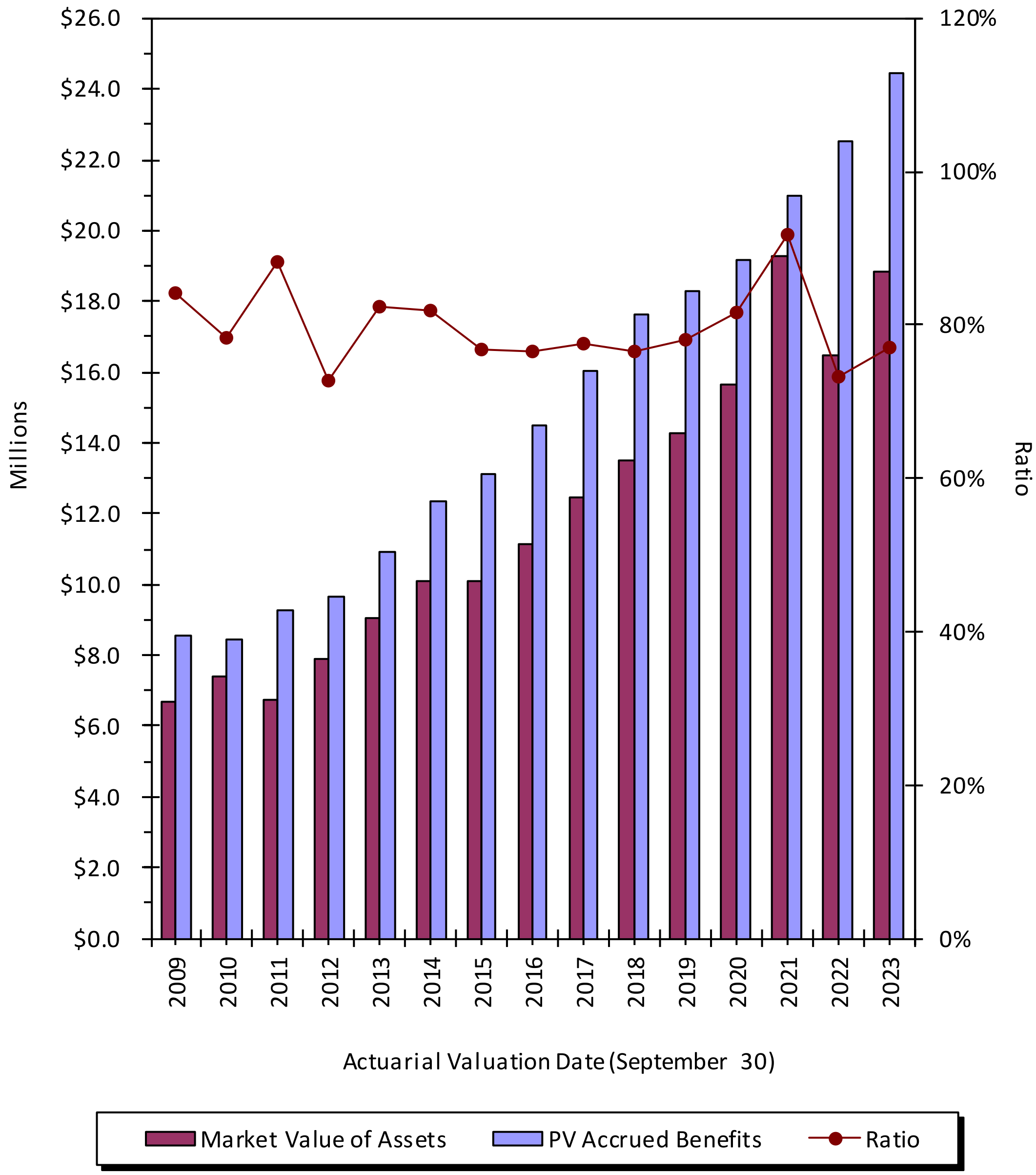
2. The actuarial present value (APV) of projected benefits payable to those already receiving benefits and to vested terminations, and

3. The employer financed portion of the actuarial present value of accrued benefits payable to active participants. This amount is based on benefits earned to date without future credited service or salary increases.

The total of the first two items should generally be fully covered by assets. The portion of the third item covered by assets should increase over time. Increases in benefits will, of course, adversely affect the trend in the years when such increases are first reflected in the actuarial values.

	General Employees		
	09/30/23	09/30/22	09/30/21
1. Accumulated Contributions of Active Members	$ 1,149,297	$ 955,793	$ 774,657
2. APV of Projected Benefits in Pay Status and for Vested Terminations	17,244,603	16,907,704	16,386,978
3. APV of Accrued Benefits for Active Participants (Employer Portion)	6,060,692	4,647,745	3,840,908
4. Total	24,454,592	22,511,242	21,002,543
5. Market Value of Assets	18,817,166	16,477,690	19,281,105
6. Assets as % of Total	77 %	73 %	92 %

Ratio of Market Value of Assets to Present Value of Accrued Benefits



Increases in benefits will, of course, adversely affect the trend in the years when such increases are first reflected in the actuarial values. Although different actuarial assumptions would be used in the event of a termination of the program, this test shows how much of the benefits accrued to date might be covered by assets in the event of a plan freeze with all active members future careers modeled using the valuation assumptions.

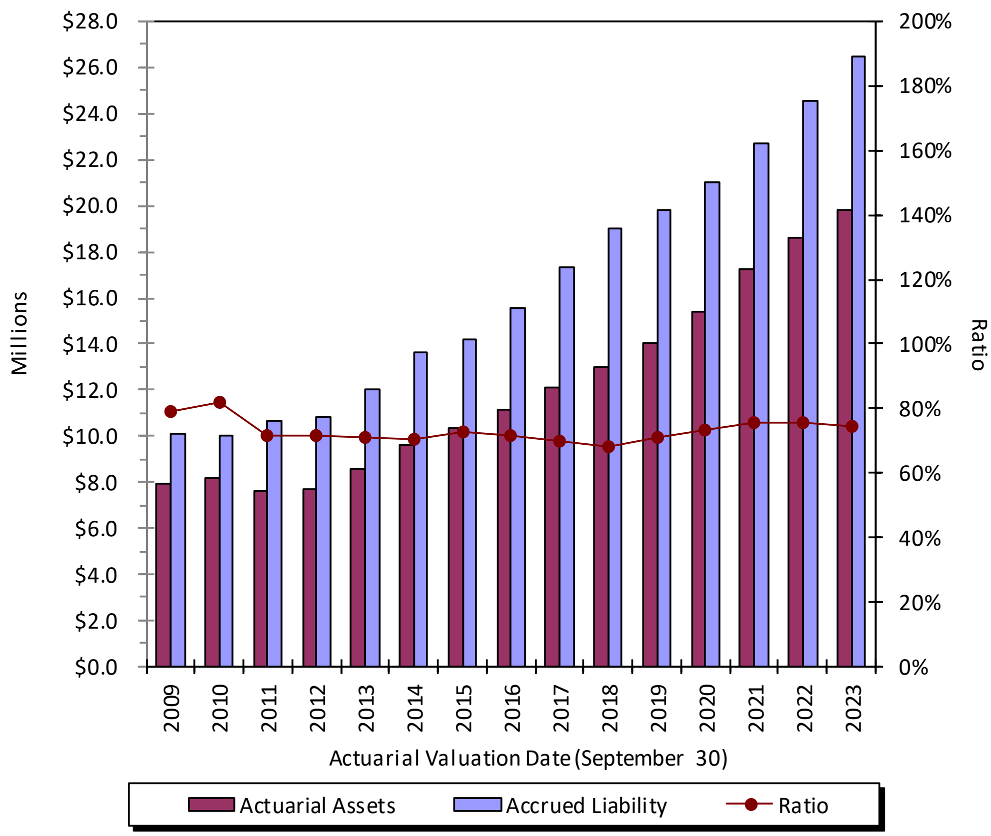
Long Term Funding Progress

Over the longer term, the Funding Progress of an ongoing plan can be measured by comparing the Actuarial Value of Assets to an amount known as the Actuarial Accrued Liability (AAL) under the Entry Age Actuarial Cost Method. This item has sometimes been called the "past service liability" but it should not be used to assess a settlement value. Its derivation differs from the short term position assessment in several ways, but mainly due to the fact that future salary increases and future service are included in the AAL. As in the case of the short term solvency values, the AAL is affected immediately by any revisions in benefits or assumptions. The accumulation of assets to equal the AAL can be considered a long range funding goal.

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	% of AAL Covered by Assets
10/1/23	$ 19,781,863	$ 26,484,565	75 %
10/1/22	18,595,491	24,542,106	76
10/1/21	17,224,759	22,720,350	76
10/1/20 *	15,385,114	21,000,239	73
10/1/19	14,038,563	19,794,070	71
10/1/18 *	12,990,879	19,007,258	68
10/1/17 *	12,070,474	17,348,371	70
10/1/16 *	11,165,130	15,576,714	72
10/1/15 *	10,338,487	14,162,244	73
10/1/14 *	9,621,224	13,672,298	70
10/1/13 *	8,563,819	12,061,936	71
10/1/12	7,711,844	10,810,052	71
10/1/11	7,613,990	10,674,098	71
10/1/10	8,199,480	10,022,134	82

**Reflects change in benefits, actuarial assumptions and/or asset method.*

Ratio of Actuarial Value of Assets to Actuarial Accrued Liability



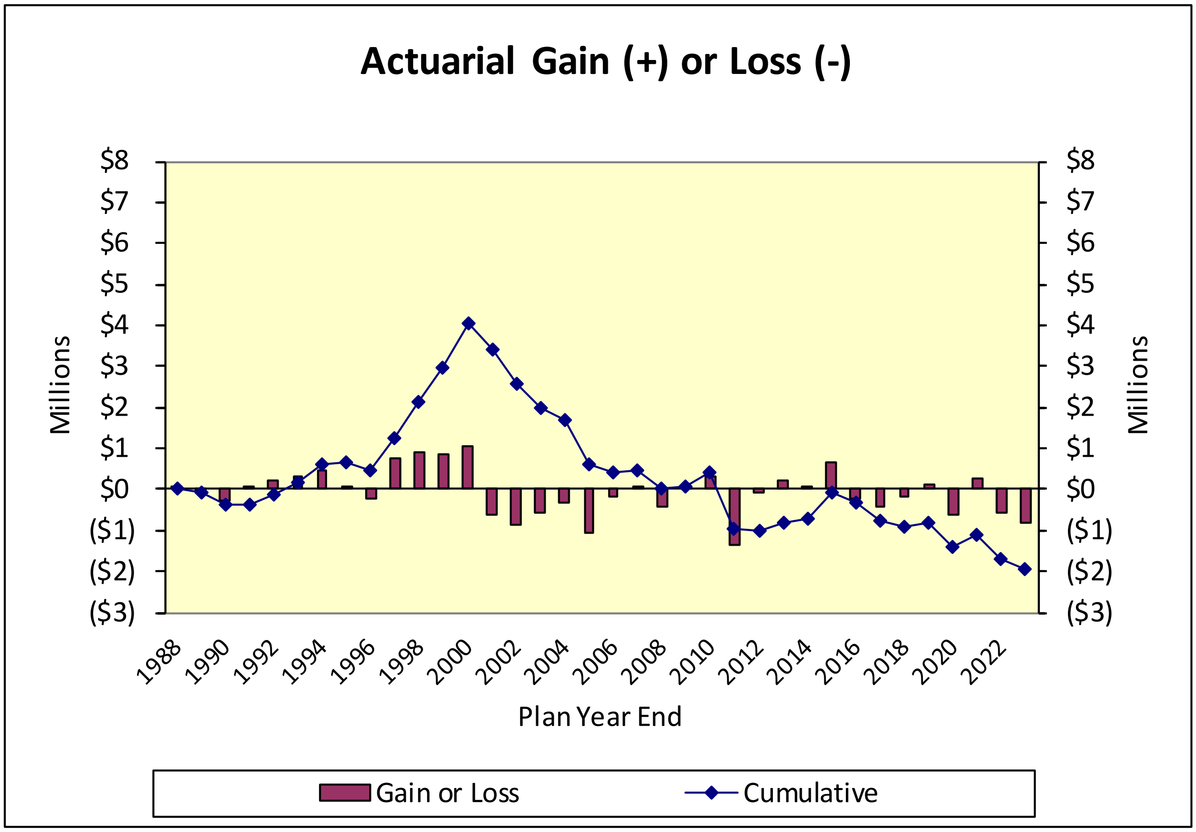
ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

Derivation of Experience Gain (Loss)		
1.	Last Year's UAAL	$5,946,615
2.	Last Year's Employer Normal Cost	1,091,491
3.	Last Year's Actual City Contibution	1,470,323
4.	Interest at the assumed rate on:	
	a. 1 and 2 for one year	404,691
	b. 3 from dates paid	83,115
	c. a - b	321,576
5.	This Year's Expected UAAL 1 + 2 - 3 + 4c	5,889,359
6.	This Year's Actual UAAL (before any changes in benefits or assumptions)	6,702,702
7.	Net Actuarial Gain (Loss): (5) - (6)	(813,343)
8.	Gain (Loss) due to investments	(398,976)
9.	Gain (Loss) due to other sources	(414,367)

Net actuarial gains in previous years have been as follows:

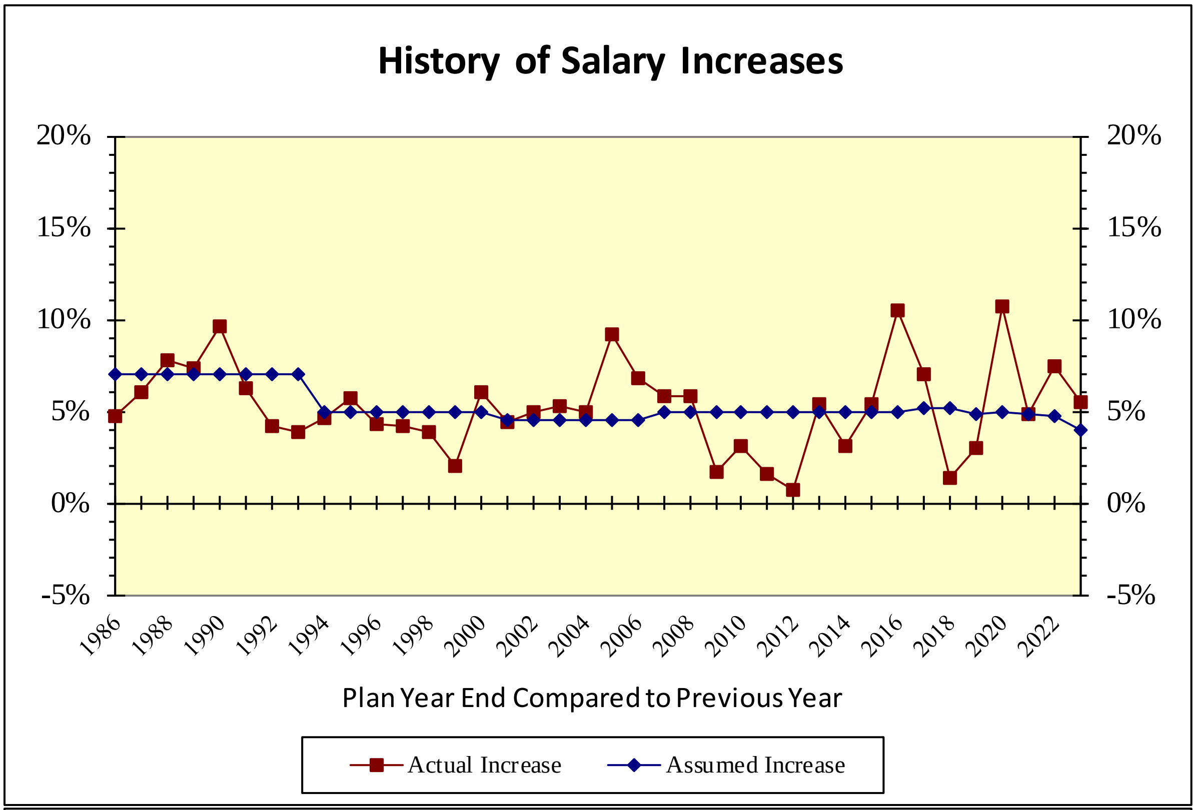
Year Ended	Actuarial Gain (Loss)	Cumulative Gain (Loss)
9/30/1988	9,191	9,191
9/30/1989	(96,738)	(87,547)
9/30/1990	(292,201)	(379,748)
9/30/1991	4,854	(374,894)
9/30/1992	235,232	(139,662)
9/30/1993	299,330	159,668
9/30/1994	463,889	623,557
9/30/1995	52,365	675,922
9/30/1996	(217,428)	458,494
9/30/1997	768,764	1,227,258
9/30/1998	909,627	2,136,885
9/30/1999	846,636	2,983,521
9/30/2000	1,040,844	4,024,365
9/30/2001	(601,070)	3,423,295
9/30/2002	(858,781)	2,564,514
9/30/2003	(561,182)	2,003,332
9/30/2004	(316,223)	1,687,109
9/30/2005	(1,061,935)	625,174
9/30/2006	(200,559)	424,615
9/30/2007	26,255	450,870
9/30/2008	(411,027)	39,843
9/30/2009	44,224	84,067
9/30/2010	321,083	405,150
9/30/2011	(1,371,441)	(966,291)
9/30/2012	(58,645)	(1,024,936)
9/30/2013	228,327	(796,609)
9/30/2014	57,037	(739,572)
9/30/2015	657,337	(82,235)
9/30/2016	(243,347)	(325,582)
9/30/2017	(423,867)	(749,449)
9/30/2018	(152,339)	(901,788)
9/30/2019	102,357	(799,431)
9/30/2020	(609,931)	(1,409,362)
9/30/2021	278,799	(1,130,563)
9/30/2022	(583,923)	(1,714,486)
9/30/2023	(813,343)	(2,527,829)

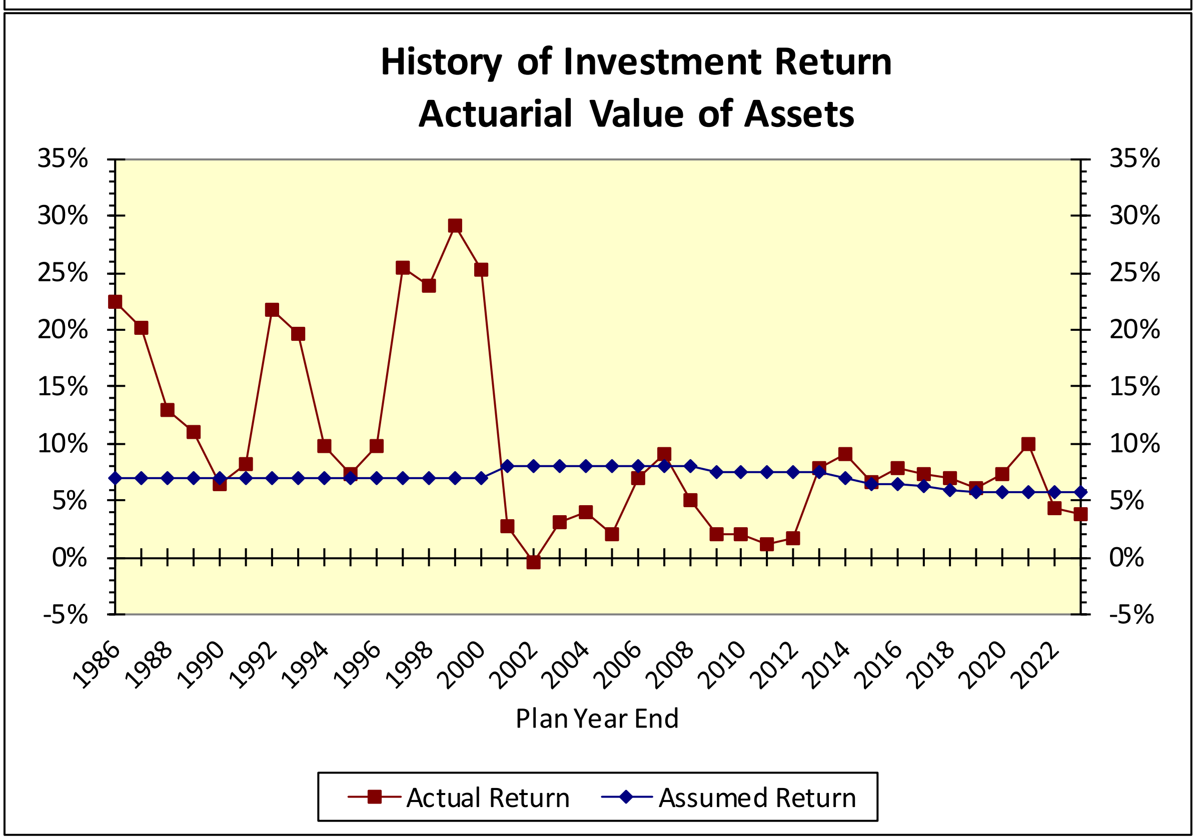

Actuarial Gain (+) or Loss (-)
$8
$7
$6
$5
$4
$3
$2
$1
$0
($1)
($2)
($3)
Millions
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
Plan Year End
Gain or Loss
Cumulative

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the history of actuarial fund earnings and salary increase rates compared to the assumed rates:

Year Ending	Investment Return		Salary Increases	
	Actuarial	Assumed	Actual	Assumed
9/30/1986	22.4	7.0	4.7	7.0
9/30/1987	20.1	7.0	6.0	7.0
9/30/1988	12.9	7.0	7.8	7.0
9/30/1989	11.1	7.0	7.3	7.0
9/30/1990	6.5	7.0	9.6	7.0
9/30/1991	8.2	7.0	6.2	7.0
9/30/1992	21.7	7.0	4.2	7.0
9/30/1993	19.6	7.0	3.9	7.0
9/30/1994	9.8	7.0	4.6	5.0
9/30/1995	7.3	7.0	5.7	5.0
9/30/1996	9.8	7.0	4.3	5.0
9/30/1997	25.4	7.0	4.2	5.0
9/30/1998	23.9	7.0	3.9	5.0
9/30/1999	29.1	7.0	2.0	5.0
9/30/2000	25.3	7.0	6.0	5.0
9/30/2001	2.8	8.0	4.4	4.5
9/30/2002	(0.4)	8.0	5.0	4.5
9/30/2003	3.1	8.0	5.3	4.5
9/30/2004	3.9	8.0	5.0	4.5
9/30/2005	2.1	8.0	9.2	4.5
9/30/2006	6.9	8.0	6.8	4.5
9/30/2007	9.2	8.0	5.9	5.0
9/30/2008	5.0	8.0	5.9	5.0
9/30/2009	2.0	7.5	1.7	5.0
9/30/2010	2.1	7.5	3.1	5.0
9/30/2011	1.2	7.5	1.6	5.0
9/30/2012	1.6	7.5	0.7	5.0
9/30/2013	7.9	7.5	5.3	5.0
9/30/2014	9.1	7.0	3.1	5.0
9/30/2015	6.6	6.5	5.4	5.0
9/30/2016	7.8	6.5	10.5	5.0
9/30/2017	7.3	6.25	7.0	5.1
9/30/2018	7.0	6.0	1.3	5.1
9/30/2019	6.1	5.75	3.0	4.8
9/30/2020	7.3	5.75	10.7	4.9
9/30/2021	9.9	5.75	4.8	4.8
9/30/2022	4.3	5.75	7.5	4.7
9/30/2023	3.8 %	5.75 %	5.5 %	4.0 %
Averages				
10-Year	6.9 %	---	5.8 %	---
All Years Shown	9.5 %	---	5.2 %	---

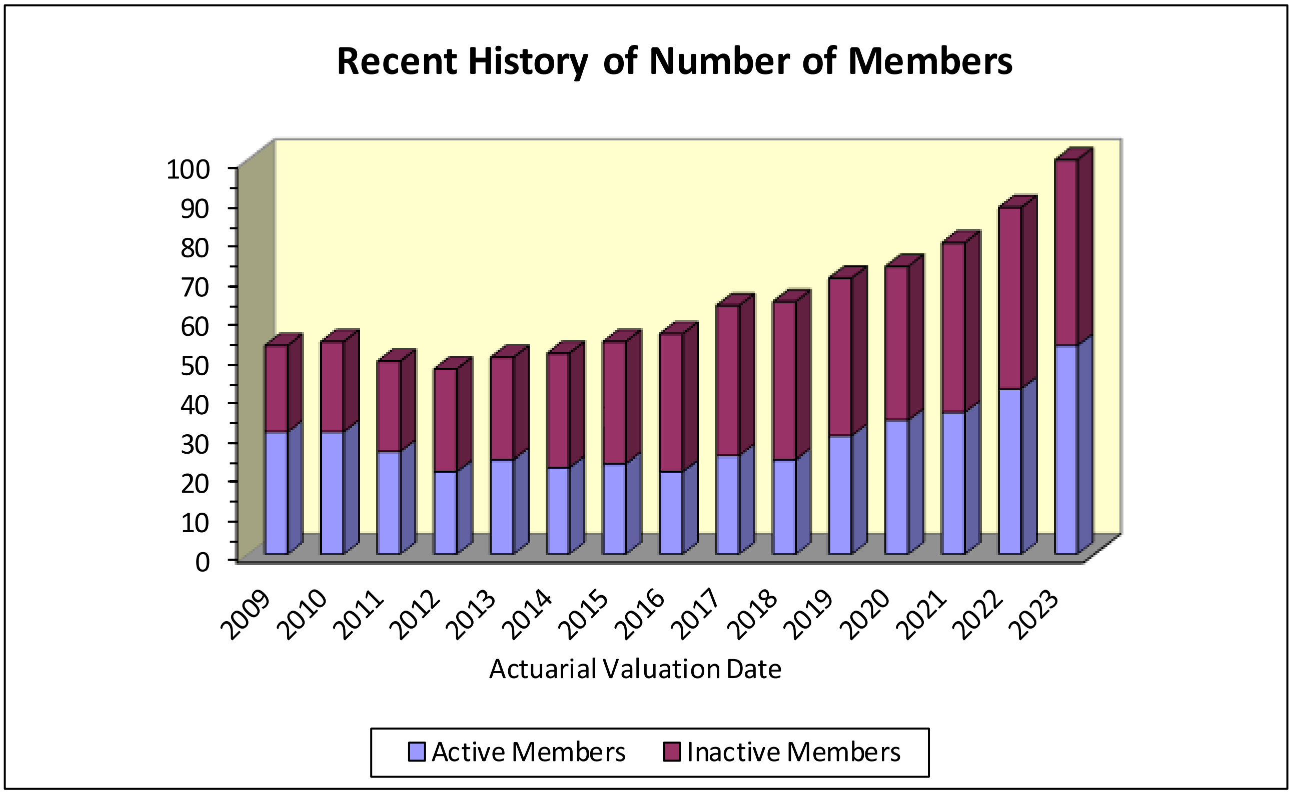
The actual investment return rates shown above are based on the Actuarial Value of Assets. As illustrated on pages C-4 and C-5, the Actuarial Value is different than the Market Value of Assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.

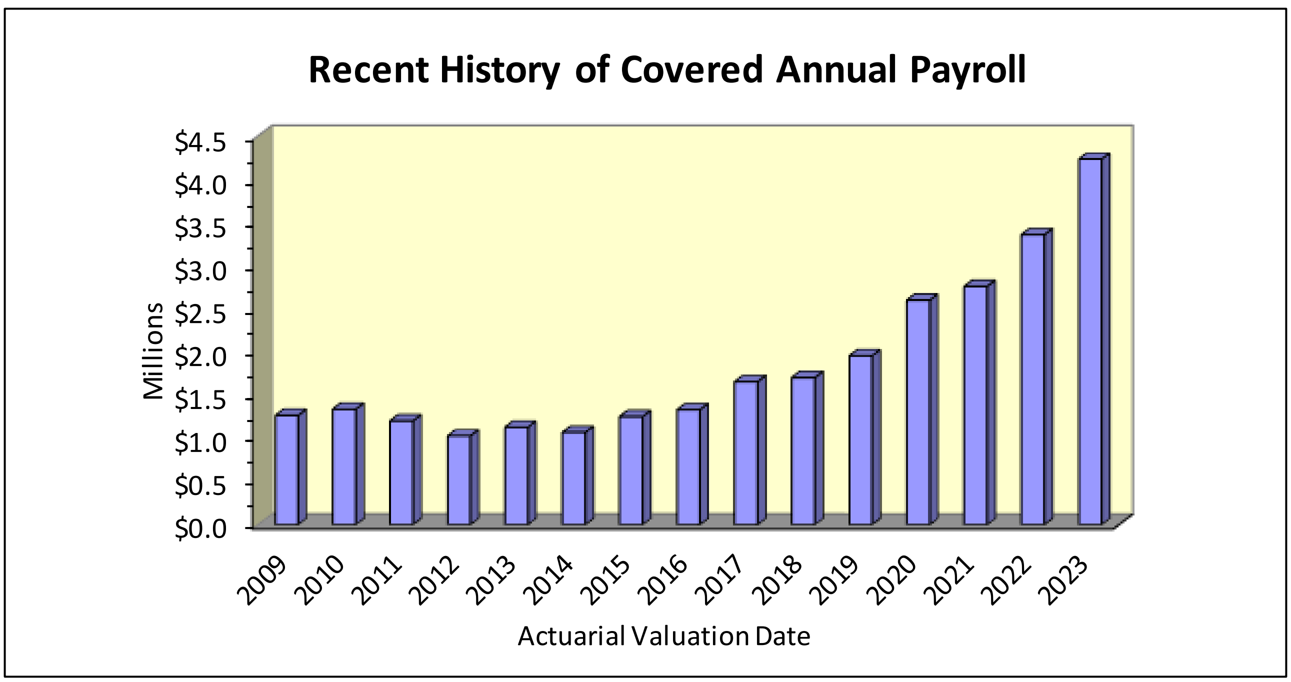

History of Salary Increases
20%
15%
10%
5%
0%
-5%
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
Plan Year End Compared to Previous Year
Actual Increase
Assumed Increase


History of Investment Return
Actuarial Value of Assets
35%
30%
25%
20%
15%
10%
5%
0%
-5%
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
Plan Year End
Actual Return
Assumed Return

RECENT HISTORY OF VALUATION RESULTS							
	Number of					Employer Normal Cost	
Valuation Date	Active Members	Inactive Members	Reported Annual Payroll	Actuarial Value of Assets	UAAL	Amount	% of Payroll
10/1/09	31	22	1,267,020	7,935,153	2,130,911	265,926	26.74 [2]
10/1/10	31	23	1,337,979	8,199,480	1,822,654	199,891	14.94 [3]
10/1/11	26	23	1,203,183	7,613,990	3,060,108	194,117	16.13 [3]
10/1/12	21	26	1,026,671	7,711,844	3,098,208	174,084	16.96 [3]
10/1/13 [1]	24	26	1,130,179	8,563,819	3,498,117	208,150	18.42 [3]
10/1/14 [1]	22	29	1,068,585	9,621,224	4,051,074	219,955	20.58 [3]
10/1/15 [1]	23	31	1,251,987	10,338,487	3,823,757	341,935	27.31 [3]
10/1/16 [1]	21	35	1,332,178	11,165,130	4,411,584	332,943	24.99 [3]
10/1/17 [1]	25	38	1,653,391	12,070,474	5,277,897	421,299	25.48 [3]
10/1/18 [1]	24	40	1,700,715	12,990,879	6,016,379	479,885	28.22 [3]
10/1/19	30	40	1,956,384	14,038,563	5,755,507	539,336	27.57 [3]
10/1/20 [1]	34	39	2,595,832	15,385,114	5,615,125	729,675	28.11 [3]
10/1/21	36	43	2,759,312	17,224,759	5,495,591	871,937	31.60 [3]
10/1/22	42	46	3,352,648	18,595,491	5,946,615	1,091,491	32.56 [3]
10/1/23	53	47	4,228,572	19,781,863	6,702,702	1,217,633	28.80 [3]

[1] Reflects a change in assumptions.
[2] As a % of Payroll under Assumed Retirement Age.
[3] As a % of total Reported Active Payroll.


Recent History of Number of Members
100
90
80
70
60
50
40
30
20
10
0
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Actuarial Valuation Date
Active Members
Inactive Members


Recent History of Covered Annual Payroll
Millions
$4.5
$4.0
$3.5
$3.0
$2.5
$2.0
$1.5
$1.0
$0.5
$0.0
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Actuarial Valuation Date

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS				
Valuation	End of Year To Which Valuation Applies	Actuarially Determined Contributions		Actual Contributions
		Amount	% of Expected Payroll	
10/1/09	9/30/11	$455,286	35.93	$455,286
10/1/10	9/30/12	361,228	25.96	432,342
10/1/11	9/30/13	485,448	38.80	524,284
10/1/12	9/30/14	497,853	46.63	671,605
10/1/13 [1]	9/30/15	565,619	48.12	565,619
10/1/14 [1]	9/30/16	622,677	56.03	622,677
10/1/15 [1]	9/30/17	745,642	57.27	745,642
10/1/16 [1]	9/30/18	793,089	57.24	793,089
10/1/17 [1]	9/30/19	957,499	55.68	957,499
10/1/18 [1]	9/30/20	1,052,612	59.51	1,052,612
10/1/19	9/30/21	1,068,711	52.53	1,068,711
10/1/20 [1]	9/30/22	1,295,078	47.97	1,297,760
10/1/21	9/30/23	1,470,323	51.24	1,470,323
10/1/22	9/30/24	1,746,181	50.08	---
10/1/23	9/30/25	1,972,788	44.86	---

[1] *Reflects a change in assumptions.*

ACTUARIAL ASSUMPTIONS AND COST METHOD

The actuarial methods used to determine the Reasonable Actuarially Determined Contribution have been selected to balance benefit security, intergenerational equity, and stability of contributions. The selection of the actuarial methods accounts for the demographic composition of the plan, the funding goals and objectives of the Plan sponsor, and the need to achieve and maintain asset level necessary to make benefit payments when due.

A. Cost Method	Individual Entry Age Normal Actuarial Cost Method with normal costs developed using a level percent of pay,
B. Amortization of the UAAL	Layered, 20-year, closed amortization. Payments developed using level percent of pay method with the rate of payroll growth assumption limited under Ch.112.64 (5) (a), F.S.
C. Investment Earnings	5.75% per year compounded annually (include inflation), net of investment-related expenses.
D. Inflation	2.25%.
E. Salary Increases	See the following table *(none for council and the manager)*.
F. Turnover Rates	See the following table *(none for manager)*.
G. Disability Rates	See the following table.

Age	Employment Turnover Rates	Disability Rates	Salary Increase Rates (Include Inflation)
20	16.0%	0.14%	6.75%
25	14.8	0.15	6.75
30	12.2	0.18	6.15
35	10.4	0.23	5.75
40	9.4	0.30	5.75
45	7.8	0.51	5.15
50	6.4	1.00	4.75
55	4.2	1.55	4.45
60	2.4	---	3.95
65	1.4	---	3.15

Terminations for council members are assumed to coincide with completion of full terms: rates are 0% until completion of 8 years of service, 20% at year 8, 50% for years 12 and 16, and 0% thereafter. Termination rates are assumed to be 0% for the Village manager.

H. Retirement Ages

Normal Retirement Rates		Early Retirement Rates	
First Eligibility Ages after First Eligibility until Age 66 Age 67 and Over	80% 20 100	<u>Age</u> 55 56	 3.0% 3.0

Retirements for council members are assumed to coincide with completion of full terms: rates are 0% until completion of 8 years of service, 20% at year 8, 50% for years 12, 16, 20, and 24 with 0% for service thereafter, and 100% at the earlier of 24 years of service and age 75. Retirement rates for the manager are 0% for the first 4 years of participation, 50% at the end of the fifth year, 20% for each year thereafter until age 65, and 100% at age 66

I. Mortality Rates

The mortality tables: Sex distinct PUB-2010 Headcount Weighted Below Median Employee Tables for employees and PUB-2010 Headcount Weighted Below Median Retiree Tables for annuitants and beneficiaries. Rates for male participants are set back one year. Rates are generationally projected from 2010 using improvement scale MP 2018. These are the same rates as used by the Florida Retirement System (FRS),in their actuarial valuation as of July 1, 2022 for other than K-12 instructional Regular Class members.

FRS Healthy Post-Retirement Mortality for Regular Class Members

Sample Attained Ages (in 2023)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	**Women**	**Men**	**Women**
50	0.19 %	0.57 %	33.34	37.13
55	0.95	0.57	28.97	32.68
60	1.12	0.59	24.86	28.13
65	1.28	0.68	20.78	23.53
70	1.78	1.08	16.75	19.05
75	2.83	1.85	13.03	14.86
80	4.74	3.34	9.74	11.09

FRS Healthy Pre-Retirement Mortality for Regular Class Members

Sample Attained Ages (in 2023)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.19 %	0.11 %	37.88	40.41
55	0.29	0.17	32.87	35.28
60	0.45	0.26	28.01	30.25
65	0.64	0.37	23.31	25.32
70	0.89	0.56	18.74	20.49
75	1.33	0.92	14.30	15.80
80	2.10	1.55	9.99	11.28

For disabled retirees, the mortality table used was the PUB-2010 Headcount-Weighted General Disabled Retiree Tables with ages set forward 3 years for males and females.

FRS Healthy Disabled Mortality for Regular Class Members

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	2.02 %	1.64 %	20.99	23.92
55	2.53	1.91	18.18	20.88
60	3.08	2.27	15.50	17.88
65	3.93	2.83	12.94	14.91
70	5.08	3.79	10.53	12.07
75	6.98	5.46	8.29	9.45
80	10.12	8.31	6.33	7.19

J. Asset Value — See Section entitled “Actuarial Value of Assets.”

K. Administrative Expenses — Actual prior year’s Administrative expenses, other than those for investment management.

L. Payroll Growth Assumption — 2.75% is the long term, payroll growth rate used in the amortization of the unfunded liability for the October 1, 2023 valuation. Ch.112.64 (5) (a), F.S. limits did not apply.

M. Post Retirement Benefit Increase — 2.5%

N. Changes Since Last Valuation — None.

O. Present Value of Accrued Benefits — Present Value of Accrued Benefits is measured using Unit Credit Cost Method which does not take into consideration any future service or salary increases.

GLOSSARY OF TERMS

Actuarial Accrued Liability	The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."
Accrued Service	The service credited under the plan which was rendered before the date of the actuarial valuation.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.
Actuarial Present Value	The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.
Reserve Account	An account used to indicate that funds have been set aside for a specific purpose and is not generally available for other uses.
Unfunded Actuarial Accrued Liability	The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."
Valuation Assets	The value of current plan assets recognized for valuation purposes. Generally based on market value plus a portion of unrealized appreciation or depreciation.

SECTION C

PENSION FUND INFORMATION

SUMMARY OF ASSETS		
	Year Ending 9/30/2023	**Year Ending 9/30/2022**
Cash and Securities - Market Value		
Cash and Savings Accounts	$ 155,804	$ 0
Short Term Investments	280	78,478
Government Agency Bond Fund	2,424,384	0
Corporate Bonds	2,426,313	4,191,350
Common & Preferred Stocks	11,454,326	0
Equity Funds	961,670	9,821,675
Fixed Income Funds	0	901,165
Mid and Small Cap Equity Funds	0	0
Other Securities - SEI Trust & ARES	1,801,163	1,759,047
Total	19,223,940	16,751,715
Receivables and Accruals		
Member Contribution	0	0
Employer Contribution	0	0
Interest and Dividends	0	0
Prepaid Benefit Payment	0	0
Prepaid Insurance	4,363	4,376
Total	4,363	4,376
Payables		
Benefits-DROP Reserve	393,960	258,078
Lump Sum Distributions/Refunds	0	0
Expenses	4,875	0
Other	12,302	20,323
Total	411,137	278,401
Net Assets - Market Value	$ 18,817,166	$ 16,477,690

SUMMARY OF FUND'S INCOME AND DISBURSEMENTS		
	Year Ending 9/30/2023	**Year Ending 9/30/2022**
Market Value at Beginning of Period	$ 16,477,690	$ 19,281,105
Income		
Member Contributions	241,386	189,701
State Contributions	0	0
Employer Contribution	1,470,323	1,295,078
Employee Buyback	0	2,682
Interest and Dividends	367,551	325,524
Realized Gain (Loss)	(322,577)	(204,369)
Unrealized Gain (Loss)	1,874,902	(3,501,216)
Total Income	3,631,585	(1,892,600)
Disbursements		
Monthly Benefit Payments	877,164	848,686
DROP Payments Held in Reserve	135,882	(166,980)
Lump Sum Distributions & DROP Payouts	186,311	118,575
Refund of Contributions	0	0
Investment Related Expenses	36,524	39,483
Other Administrative Expenses	56,228	71,051
Total Disbursements	1,292,109	910,815
Net Increase During Period	$ 2,339,476	$ (2,803,415)
Market Value at End of Period	$ 18,817,166	$ 16,477,690

DEFERRED RETIREMENT OPTION PLAN (DROP)
BENEFITS HELD IN RESERVE AND ACTIVITY

State Statutes require that the value of assets be offset by the total accumulated balance of DROP payments being held in reserve for those participating in the DROP plan. A reconciliation of the accumulated balance to be recognized is provided in the table below.

RECONCILIATION OF DROP ACCOUNTS		
Value at beginning of year	$	258,078
Payments credited to accounts	+	123,034
Investment Earnings credited	+	12,848
Withdrawals from accounts	-	0
Value at end of year *	$	393,960

DROP PARTICIPATION ACTIVITY		
Number as of October 1, 2022		4
Number Entered During the Year	+	1
Number Exited During the Year	-	1
Number as of October 1, 2023 *		4

**Balances might include participants, if any, for whom 9/30/23 was the last date of DROP participation.*

ACTUARIAL VALUE OF ASSETS

As of October 1, 2023

Valuation assets are calculated using a smoothed market value over a period of five (5) years, as prescribed under Internal Revenue Procedure 2000-40. The asset value determined under this method will be adjusted to be no greater than 120% and no less than 80% of the fair market value.

Under this method, the actuarial value of assets is equal to the market value of assets less a decreasing fraction (1/5th per year, where n equals the number of years in the smoothing period) of the gain or loss for each of the preceding 4 years.

Under this method, a gain or loss for a year is determined by calculating the difference between the expected market value of the assets at the valuation date and the actual market value of the assets at the valuation date. The expected value of the assets for the year is the market value of the assets at the valuation date for the prior year brought forward with interest at the valuation interest rate to the valuation date for the current year plus contributions minus disbursements (i.e., benefits paid and expenses), all adjusted with interest at the valuation rate to the valuation date for the current year. If the expected value is less than the market value, the difference is a gain. Conversely, if the expected value is greater than the market value, the difference is a loss.

Calculation of Valuation Assets is shown on the following page.

DEVELOPMENT OF FUNDING VALUE OF ASSETS AS OF OCTOBER 1

	2023	2024	2025	2026	2027
A. Preliminary actuarial value from prior year	$ 18,595,491	$ 19,781,863			
B. Market value beginning of prior year	16,477,690	18,817,166			
C. Market value end of prior year	18,817,166				
D. Non-investment net cash flow	468,972				
E. Investment return					
1. Actual market value return net of investment expenses: C - B - D	1,870,504				
2. Expected return of 5.75%	948,102				
3. Excess/(shortfall) to be phased-in: E1 - E2	922,402				
F. Phased-in recognition of investment return					
1. Current year: 20% of E3	184,480				
2. 20% of excess/(shortfall) from first prior year	(909,249)	184,480			
3. 20% of excess/(shortfall) from second prior year	488,469	(909,249)	184,480		
4. 20% of excess/(shortfall) from third prior year	48,187	488,469	(909,249)	184,480	
5. 20% of excess/(shortfall) from fourth prior year	(42,589)	48,187	488,470	(909,249)	184,482
6. Total phased-in recognition of investment return	(230,702)	(188,113)	(236,299)	(724,769)	184,482
G. Actuarial value end of year					
1. Preliminary actuarial value end of year: A + D + E2 + F6	19,781,863				
2. Upper corridor limit: 120% of C	22,580,599				
3. Lower corridor limit: 80% of C	15,053,733				
4. Actuarial value end of year *	19,781,863				
H. Difference between market value and actuarial value	(964,697)				

** Offset for DROP Reserve made prior to the calculation of valuation assets.*

INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following bases:

Basis 1 - Market Value: Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the beginning market value of the fund, adjusted for cash flow during the year.

Basis 2 - Actuarial Value: Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Rates of return for years ended prior to September 30, 2000 are based on the combined assets of the General Employees and Police Officers' Pension Plan.

Year Ended	Investment Rate of Return	
	Market Value	Actuarial Value
9/30/23	11.3 %	3.8 %
9/30/22	(17.4)	6.7
9/30/21	21.2	9.9
9/30/20	7.4	7.3
9/30/19	4.2	6.1
9/30/18	7.7	7.0
9/30/17	11.2	7.3
9/30/16	9.9	7.8
9/30/15	(0.8)	6.6
9/30/14	8.6	9.1
9/30/13	11.3	7.9
9/30/12	18.8	1.6
9/30/11	0.4	1.2
9/30/10	10.2	2.1
9/30/09	0.5	2.0
9/30/08	(12.2)	5.0
9/30/07	14.4	9.2
9/30/06	7.2	6.9
9/30/05	9.5	2.1
9/30/04	6.2	3.9
9/30/03	25.4	3.1
9/30/02	(10.7)	(0.4)
9/30/01	(12.7)	2.8
9/30/00	16.9	25.3
9/30/99	26.1	29.1
9/30/98	12.1	23.9
9/30/97	29.5	25.4
9/30/96	14.7	9.8
9/30/95	17.8	7.3
9/30/94	-	9.8
9/30/93	11.4	19.6
9/30/92	15.9	21.7
9/30/91	28.9	8.2
9/30/90	3.7	6.5
9/30/89	23.1	11.1
9/30/88	(11.0)	12.9
9/30/87	28.4	20.1
9/30/86	26.5	22.4
Average Compounded Rate of Return for All Years Shown	9.2 %	9.5 %
Average Compounded Rate of Return for Last 10 Years	5.9 %	7.1 %

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2023	October 1, 2022
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	$ 16,167,038	$ 15,581,419
b. Terminated Vested Members	1,077,565	1,326,285
c. Other Members	5,517,618	4,136,067
d. Total	22,762,221	21,043,771
2. Non-Vested Benefits	1,692,371	1,467,471
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	24,454,592	22,511,242
4. Accumulated Contributions of Active Members	1,149,297	955,793
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	22,511,242	21,002,543
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	2,956,396	2,190,405
d. Benefits Paid (Including DROP Reserve)	(1,013,046)	(681,706)
e. Net Increase	1,943,350	1,508,699
3. Total Value at End of Period	24,454,592	22,511,242
D. Market Value of Assets	18,817,166	16,477,690
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

GASB NO. 67 INFORMATION

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 1,319,594	$ 812,433	$ 914,119	$ 656,196	$ 547,042	$ 511,875	$ 397,466	$ 389,223	$ 283,241	$ 287,964
Interest on the Total Pension Liability	1,444,872	1,322,540	1,251,834	1,192,594	1,121,125	997,443	941,414	946,114	842,798	865,195
Changes in Benefit Terms	0	205,037	0	0	0	0	0	0	0	0
Difference between actual & expected experience	482,033	295,697	811,023	(146,976)	232,029	524,845	392,032	(769,567)	97,731	0
Changes in Assumptions	0	0	(570,328)	0	701,153	637,727	380,153	550,516	903,212	0
Benefit Payments	(877,163)	(848,686)	(768,588)	(610,472)	(608,845)	(601,429)	(580,345)	(563,654)	(723,310)	(361,172)
Refunds and Lump Sums	(186,311)	(118,575)	(414,725)	(65,172)	(25,800)	(55,304)	(91,020)	0	0	0
Net Change in Total Pension Liability	$ 2,183,025	$ 1,668,446	$ 1,223,335	$ 1,026,170	$ 1,966,704	$ 2,015,157	$ 1,439,700	$ 552,632	$ 1,403,672	$ 791,987
Total Pension Liability - Beginning	24,340,347	22,671,901	21,448,566	20,422,396	18,455,692	16,440,535	15,000,835	14,448,203	13,044,531	12,252,544
Total Pension Liability - Ending (a)	$ 26,523,372	$ 24,340,347	$ 22,671,901	$ 21,448,566	$ 20,422,396	$ 18,455,692	$ 16,440,535	$ 15,000,835	$ 14,448,203	$ 13,044,531
Plan Fiduciary Net Position										
Contributions - Employer/State	$ 1,470,323	$ 1,295,078	$ 1,068,711	$ 1,052,612	$ 957,499	$ 793,089	$ 745,642	$ 622,677	$ 565,619	$ 671,605
Contributions - Member	241,386	192,383	204,581	162,333	124,099	126,093	103,551	78,154	70,696	89,677
Net Investment Income	1,883,350	(3,419,544)	3,350,705	1,071,430	569,622	964,907	1,252,600	995,129	(82,627)	798,212
Benefit Payments	(877,163)	(848,686)	(768,588)	(610,472)	(608,845)	(601,429)	(580,345)	(559,166)	(723,310)	(361,172)
Refunds and Lump Sums	(186,311)	(118,575)	(414,725)	(65,172)	(25,800)	(55,304)	(91,020)	0	0	0
Administrative Expense	(56,227)	(71,051)	(57,730)	(64,840)	(54,940)	(53,293)	(54,150)	(54,775)	(63,789)	(27,338)
Other	0	0	0	0	0	0	0	(713)	0	0
Net Change in Plan Fiduciary Net Position	$ 2,475,358	$ (2,970,395)	$ 3,382,954	$ 1,545,891	$ 961,635	$ 1,174,063	$ 1,376,277	$ 1,081,306	$ (233,411)	$ 1,170,984
Plan Fiduciary Net Position - Beginning	16,735,768	19,706,163	16,323,209	14,777,318	13,815,683	12,641,620	11,265,343	10,184,037	10,417,448	9,246,464
Plan Fiduciary Net Position - Ending (b)	$ 19,211,126	$ 16,735,768	$ 19,706,163	$ 16,323,209	$ 14,777,318	$ 13,815,683	$ 12,641,620	$ 11,265,343	$ 10,184,037	$ 10,417,448
Net Pension Liability - Ending (a) - (b)	$ 7,312,246	$ 7,604,579	$ 2,965,738	$ 5,125,357	$ 5,645,078	$ 4,640,009	$ 3,798,914	$ 3,735,492	$ 4,264,166	$ 2,627,083
Plan Fiduciary Net Position as a Percentage										
of Total Pension Liability	72.43 %	68.76 %	86.92 %	76.10 %	72.36 %	74.86 %	76.89 %	75.10 %	70.49 %	79.86 %
Covered Payroll	$ 3,448,325	$ 2,371,263	$ 2,557,263	$ 2,029,163	$ 1,551,238	$ 1,576,163	$ 1,332,178	$ 1,251,987	$ 1,360,903	$ 1,726,458
Net Pension Liability as a Percentage										
of Covered Employee Payroll	212.05 %	320.70 %	115.97 %	252.58 %	363.91 %	294.39 %	285.17 %	298.37 %	313.33 %	152.17 %
Notes to Schedule:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTES TO SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY
GASB Statement No. 67

Actuarial Valuation Date:	October 1, 2022
Measurement Date:	September 30, 2023
Investment Rate of Return	5.75% per year compounded annually, net of investment expenses, including inflation.
Salary Increases	Rates of salary increases range from 3.15% to 6.75% per year, including inflation.
Inflation	2.25% per year.
Mortality	Sex distinct PUB-2010 Headcount Weighted Below Median Employee Tables for employees and PUB-2010 Headcount Weighted Below Median Retiree Tables for annuitants and beneficiaries. Rates for male participants are set back one year. Rates are generationally projected from 2010 using improvement scale MP 2018. These are the same rates as used by the Florida Retirement System (FRS),in their actuarial valuation as of July 1, 2022 for other than K-12 instructional Regular Class members. For disabled retirees, the mortality table used was the PUB-2010 Headcount-Weighted General Disabled Retireee Tables with ages set forward 3 years for males and females.
Experience Sudies	Rate of return assumption is based on a 2018 review. Mortality rates are based on results of the 2019 FRS experience study. All other demographic assumptions are based on plan's own experience from 2007 through 2016.

SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

FY Ending Septemebr 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	$ -	$ -	$ -	NA	NA
2006	-	-	-	NA	NA
2007	247,423	247,423	-	1,489,690	16.61%
2008	395,630	395,631	(1)	1,597,150	24.77%
2009	399,375	670,187	(270,812)	1,476,784	45.38%
2010	411,780	411,780	-	1,267,020	32.50%
2011	455,286	455,286	-	1,337,979	34.03%
2012	361,228	432,342	(71,114)	1,203,183	35.93%
2013	485,448	524,284	(38,836)	1,026,671	51.07%
2014	497,853	671,605	(173,752)	1,726,458	38.90%
2015	565,619	565,619	-	1,360,903	41.56%
2016	622,677	622,677	-	1,251,987	49.74%
2017	745,642	745,642	-	1,332,178	55.97%
2018	793,089	793,089	-	1,576,163	50.32%
2019	957,499	957,499	-	1,551,238	61.72%
2020	1,052,612	1,052,612	-	2,029,163	51.87%
2021	1,068,711	1,068,711	-	2,557,263	41.79%
2022	1,295,078	1,295,078	-	2,371,263	54.62%
2023	1,470,323	1,470,323	-	3,448,325	42.64%

Note: Covered Payroll for 2007 through 2013 are based on pensionable pay for member employed as of beginning of each respective year. For years 2014-2017 payroll above represents covered-employee payroll, that is total payroll of covered employees. For fiscal year 2018 Covered Payroll represents payroll on which contributions are based and was calculated using amount of member contributions.

Note: 2010 recognized a change in investment return assumptions from 8% to 7.5%.

Note: 2008 recognized revisions in benefits lowering normal retirement conditions, adding a cost-of-living adjustment and reinstating employee contributions; 2008 also recognized changes in certain demographc and economic assumptions resulting from an experience study.

Note 2015: recognized a change in investment return assumption from 7.5% to 7%.

Note 2016: recognized a change in investment return assumption from 7% to 6.5%.

Note 2017: recognized a change in investment return assumption from 6.50% to 6.25%.

Note 2018: recognized a change in investment return assumption from 6.25% to 6.00%.

Note 2019: recognized a change in investment return assumption from 6.00% to 5.75%.

NOTES TO SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

Valuation Date:	October 1, 2021
Timing	Actuarially determined contribution rates are calculated as of October 1, a beginning of the fiscal year preceding the year which contributions are reported. Assumptions and methods below relate to the October 1, 2021 actuarial valuation with actuarially determined contribution applicable to the year ending September 30, 2023.
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed, Level % of Pay Method
Remaining Amortization Period	20 years
Asset Valuation Method	5-year Smoothed Market Value: Difference between the expected and actual return on market value of assets phased in over a period of five (5) years (at the rate of 20% per year), adjusted to be no greater than 120% and no less than 80% of the fair market value
Inflation	2.25% per year.
Salary Increases	Rates of salary increases range from 3.15% to 6.75% per year, including inflation.
Investment Rate of Return	5.75% per year compounded annually, net of investment expenses.
Retirement Age	Experience-based table of rates based on year of eligibility.
Post Retirement COLA	2.50% (automatic)
Mortality	The PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement), the PUB-2010 Headcount Weighted Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and futures improvements in mortality projected to all future years after 2010 using scale MP 2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS),in their actuarial valuation as of July 1, 2021. For disabled retirees, the mortality table used was the PUB-2010 Headcount-Weighted General Disabled Retireee Tables with ages set forward 3 years for males and females.

SINGLE DISCOUNT RATE
GASB Statement No. 67

A single discount rate of 5.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 5.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made in amounts equal to the difference between the total actuarially determined contribution and the projected member contributions. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (5.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 5.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 4.75%	Current Single Rate Assumption 5.75%	1% Increase 6.75%
$11,295,509	$7,312,246	$4,118,202

SECTION E

MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From10/01/22 To 10/01/23	From10/01/21 To 10/01/22
A. Active Members		
1. Number Included in Last Valuation	42	36
2. New Members Included in Current Valuation	17	10
3. Non-Vested Employment Terminations/Transfers	(3)	0
4. Vested Employment Terminations	(2)	(3)
5. Service Retirements	(1)	(1)
6. Disability Retirements	0	0
7. Deaths	0	0
8. DROP Retirement	0	0
9. Rehired	0	0
10. Number Included in This Valuation	53	42
B. Terminated Vested Members		
1. Number Included in Last Valuation	12	10
2. Additions from Active Members	2	3
3. Lump Sum Payments or contributions withdrawn	(1)	0
4. Payments Commenced or Moved to DROP	(2)	(1)
5. Deaths	0	0
6. Other - Determined Not Vested	0	0
7. Number Included in This Valuation *	11	12
C. Service Retirees, Disability Retirees, Beneficiaries & DROP		
1. Number Included in Last Valuation	34	33
2. Additions from Active Members	1	1
3. Additions entering the DROP	1	0
4. Additions from Terminated Vested Members	1	1
5. Deaths Resulting in No Further Payments	(1)	(1)
6. Deaths Resulting in New Survivor Benefits	(1)	0
7. End of Certain Period - No Further Payments	0	0
8. Other -- New Survivor Benefit	1	0
9. Number Included in This Valuation	36	34

* *Includes 1 Dual Service and 10 Vested Terminated Members as of 10/1/23.*

STATISTICAL DATA

Active Members as of October 1, 2022

	Years of Service to Valuation Date												
Age Group	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	**Totals**
20-24 NO.	3	0	0	0	0	0	0	0	0	0	0	0	3
25-29 NO.	3	1	0	0	0	2	0	0	0	0	0	0	6
30-34 NO.	1	2	0	0	0	0	0	0	0	0	0	0	3
35-39 NO.	2	2	0	0	0	2	0	1	0	0	0	0	7
40-44 NO.	0	1	1	0	1	1	0	0	1	0	0	0	5
45-49 NO.	0	0	1	0	1	3	0	0	1	0	0	0	6
50-54 NO.	0	0	0	0	1	1	0	0	0	0	0	0	2
55-59 NO.	2	3	3	0	1	2	1	1	0	0	0	0	13
60-64 NO.	0	0	0	0	1	2	0	0	0	0	0	0	3
65-69 NO.	1	0	0	0	1	3	0	0	0	0	0	0	5
TOT NO.	12	9	5	0	6	16	1	2	2	0	0	0	53

SECTION F

SUMMARY OF PLAN PROVISIONS

Plan Provisions – General Employees

A. Ordinances:

Plan established under the Code of Ordinances for the Village of Bal Harbour, Florida, Part II, Chapter 13, Article II, and was most recently amended and restated on April 11, 2022. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

October 1, 1955

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

Any regular full-time employee of the Village, other than a Police Officer, hired on or after May 1, 2022 will become a participant in this plan upon the employee's date of hire. Employees, other than a Police Officers, employed by the Village as regular, full-time employees prior to May 1, 2022 began participation in the Plan on October 1st following the completion of at least one (1) year of continuous employment with the Village.

F. Credited Service

Service is measured as the total number of years and completed months of Continuous Employment with the Village beginning on the date of employment and ending on the date of termination or retirement. No service will be credited for any periods of employment for which the participant received a refund of their employee contributions.

G. Compensation

Basic compensation, defined as compensation actually paid to a participant excluding overtime pay, shift differentials, bonuses and all other extraordinary pay.

H. Final Average Compensation (FAC)

For those hired before May 1, 2022:
Average monthly rate of Compensation during the highest 36 consecutive months out of the last 120 months preceding the date of termination or retirement.

For those hired on or after May 1, 2022:
Average monthly rate of Compensation during the highest 60 consecutive months out of the last 120 months preceding the date of termination or retirement.

Plan Provisions – General Employees

I. Normal Retirement

Eligibility: *For those hired before May 1, 2022, a participant may retire on the first day of the month coincident with or next following the earlier of:*

(1) age 57 regardless of Credited Service, or
(2) age 55 with 25 years of Credited Service, or
(3) 30 years of Credited Service regardless of age.

For those hired on or after May 1, 2022, a participant may retire on the first day of the month coincident with or next following the earlier of:

(1) Age 62 with 5 years of service, or
(2) Age 60 with 25 years of service.

Benefit: *For those hired before May 1, 2022:* 3.0% of FAC times Credited Service.
For those hired on or after May 1, 2022: 2.5% of FAC times Credited Service.

Normal Form of Benefit: *For those hired before May 1, 2022:* 10 Years Certain and Life thereafter;
For those hired on or after May 1, 2022: Single Life Annuity;

COLA: *For those hired before May 1, 2022:* 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

For those hired on or after May 1, 2022: 1.25% compounded COLA commencing on the fifth-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

J. Early Retirement

Eligibility: A participant may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 55 with 10 years of Credited Service.

Benefit: The Normal Retirement Benefit is actuarially reduced ($1/15^{th}$-$1/30^{th}$ method) for each year by which the Early Retirement date precedes the Normal Retirement date.

Normal Form of Benefit: Same as for Normal Retirement.

COLA: Same as for Normal Retirement.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Not Applicable

M. Non-Service Connected Disability

Eligibility: Any participant who becomes totally and permanently disabled and unable to render useful and efficient service to the Village for a period of at least 6 months is eligible for a disability benefit.

Benefit The participant becomes fully vested on the date of disability. The benefit is calculated as if the participant was eligible for Early Retirement and retired on the date of disability.

Normal Form of Benefit: Same as for Normal Retirement.

COLA: Same as for Normal Retirement.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

N. Death in the Line of Duty

Eligibility: Any participant that dies as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: 50% of the participant's base rate of pay in effect at the time of death payable to the designated beneficiary.

Normal Form of Benefit: 10 Years Certain; minimum amount shall be equal to the deceased participant's own contributions.

COLA: Same as for Normal Retirement.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

O. Other Pre-Retirement Death

Eligibility: Any participant that dies not as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: Calculated as if the participant was eligible for Early Retirement and retired immediately preceding the participant's death.

Normal Form of Benefit: 10 Years Certain; minimum amount shall be equal to the deceased participant's own contributions.

COLA: Same as for Normal Retirement.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the following options are available.

1. Joint and last survivor
2. Life annuity
3. Other: Determined as actuarial equivalent benefit.
4. Lump sum: Participants hired on or before January 29, 1985 may request payment of their retirement benefit in a lump sum benefit. A lump sum payment exceeding $50,000 may be delayed for up to six months by the Board. Participants hired after January 29, 1985 may request payment of their retirement benefit in a lump sum as long as it does not exceed $5,000.

Optional forms (other than lump sums) are calculated using 7% interest and the UP-1984 Mortality Table, with ages set ahead five years in the case of disability retirees. Lump sum distributions are calculated with the same mortality and the PBGC's lump sum interest rates for private sector plans. If the payment is made within six months of the participant's termination, the rate used shall be the rate in effect 90 days prior to the participant's date of termination. If the payment is made later than six months after termination, the rate used shall be the rate in effect 90 days prior to the date of distribution.

R. Vested Termination

Eligibility: A participant has earned a non-forfeitable right to Plan benefits after the completion of 1 year of Credited Service (see vesting table below). In addition, any participant who is eligible for Early, Normal or Disability Retirement is automatically 100% vested.

YEARS OF CREDITED SERVICE	% OF NORMAL RETIREMENT BENEFITS
Less Than 1	0 %
1	10
2	20
3	30
4	40
5	50
6	60
7	70
8	80
9	90
10 or more	100

Benefit: The benefit is the member’s vested portion of the accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the Normal Retirement date.

Normal Form of Benefit: Same as for Normal Retirement.

COLA: Same as for Normal Retirement.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

Participants terminating employment with less than 1 year of Credited Service will receive a refund of their own accumulated contributions with interest.

Plan Provisions – General Employees

S. Refunds

Eligibility: All participants leaving covered employment are eligible. Optionally, vested participant may withdraw their contributions plus interest in lieu of the deferred benefits otherwise due.

Benefit: The participant who terminates employment receives a lump-sum payment of their employee contributions plus interest. Interest is currently credited at 5% compounded annually.

T. Member Contributions

8% of Compensation

U. Employer Contributions

The amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

COLA: *For those hired before May 1, 2022:* 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

For those hired on or after May 1, 2022: 1.25% compounded COLA commencing on the fifth-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

W. Changes from Previous Valuation

None.

X. 13th Check

Not applicable.

Y. Deferred Retirement Option Plan

Eligibility: Plan members are eligible for the DROP the same time they are eligible for Normal Retirement. Members must make a written election to participate in the DROP.

Benefit: The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.

Plan Provisions – General Employees

Deferred Retirement Option Plan - Continued

Maximum DROP Period:	5 years
Interest Credited:	Upon entering the DROP and annually (calendar year basis) thereafter, the participant elects to receive earnings based upon one of the following options: (1) the actual quarterly net investment return realized by the Fund, or (2) 4% per annum.
Normal Form of Benefit:	Lump Sum
COLA:	*For those hired before May 1, 2022:* 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions. *For those hired on or after May 1, 2022:* 1.25% compounded COLA commencing on the fifth-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.
Supplemental Benefit:	Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

Z. Other Ancillary Benefits

There are no ancillary benefits-retirement type benefits not required by statutes but which might be deemed a Bal Harbour Village Employees' Pension Plan liability if continued beyond the availability of funding by the current funding source.

Plan Provisions – Village Manager

A. Ordinances:

Plan established under the Code of Ordinances for the Village of Bal Harbour, Florida, Part II, Chapter 13, Article II, and was most recently amended and restated on April 11, 2022. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

October 1, 1955

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

The Village Manager who is serving on May 1, 2022.

F. Credited Service

Service for benefit determination purposes is measured as the total number of years and completed months of Continuous Employment with the Village beginning May 1, 2022 and ending on the date of termination or retirement. No service will be credited for any periods of employment for which the participant received a refund of their employee contributions.

G. Compensation

Basic compensation, defined as compensation actually paid to a participant excluding overtime pay, shift differentials, bonuses and all other extraordinary pay.

H. Final Average Compensation (FAC)

Average monthly rate of Compensation during the highest 36 consecutive months out of the last 120 months preceding the date of termination or retirement.

I. Normal Retirement

Eligibility: A participant may retire on the first day of the month coincident with or next following the earlier of:

(1) age 57 regardless of Credited Service, or
(2) age 55 with 25 years of Credited Service, or
(3) 30 years of Credited Service regardless of age.

Plan Provisions – Village Manager

Benefit: 8.0% of FAC times Credited Service up to 5 years after May 1, 2022 and 4% of FAC times Credited Service in excess of 5 years.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

J. Early Retirement

Eligibility: A participant may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 55 with 10 years of Credited Service.

Benefit: The Normal Retirement Benefit is actuarially reduced ($1/15^{th}$-$1/30^{th}$ method) for each year by which the Early Retirement date precedes the Normal Retirement date.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Not Applicable

M. Non-Service Connected Disability

Eligibility: Any participant who becomes totally and permanently disabled and unable to render useful and efficient service to the Village for a period of at least 6 months is eligible for a disability benefit.

Benefit The participant becomes fully vested on the date of disability. The benefit is calculated as if the participant was eligible for Early Retirement and retired on the date of disability.

Plan Provisions – Village Manager

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

N. Death in the Line of Duty

Eligibility: Any participant that dies as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: 50% of the participant's base rate of pay in effect at the time of death payable to the designated beneficiary.

Normal Form of Benefit: 10 Years Certain; minimum amount shall be equal to the deceased participant's own contributions.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

O. Other Pre-Retirement Death

Eligibility: Any participant that dies not as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: Calculated as if the participant was eligible for Early Retirement and retired immediately preceding the participant's death.

Normal Form of Benefit: 10 Years Certain; minimum amount shall be equal to the deceased participant's own contributions.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Plan Provisions – Village Manager

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the following options are available.

1. Joint and last survivor
2. Life annuity
3. Other: Determined as actuarial equivalent benefit.
4. Lump sum: Participants hired on or before January 29, 1985 may request payment of their retirement benefit in a lump sum benefit. A lump sum payment exceeding $50,000 may be delayed for up to six months by the Board. Participants hired after January 29, 1985 may request payment of their retirement benefit in a lump sum as long as it does not exceed $5,000.

Optional forms (other than lump sums) are calculated using 7% interest and the UP-1984 Mortality Table, with ages set ahead five years in the case of disability retirees.

R. Vested Termination

Eligibility: A participant has earned a non-forfeitable right to Plan benefits after the completion of 1 year of Credited Service (see vesting table below). In addition, any participant who is eligible for Early, Normal or Disability Retirement is automatically 100% vested. Service for vesting purposes is measured as the total number of years and completed months of Continuous Employment with the Village beginning on his date of hire of November 9, 2013 and ending on the date of termination or retirement.

YEARS OF CREDITED SERVICE	% OF NORMAL RETIREMENT BENEFITS
Less Than 1	0 %
1	10
2	20
3	30
4	40
5	50
6	60
7	70
8	80
9	90
10 or more	100

Plan Provisions – Village Manager

Benefit: The benefit is the member's vested portion of the accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the Normal Retirement date.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

S. Refunds

Not applicable.

T. Member Contributions

None

U. Employer Contributions

The amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

W. Changes from Previous Valuation

The Village Manager becomes eligible to participate in the Plan effective May 1, 2022.

X. 13th Check

Not applicable.

Plan Provisions – Village Manager

Y. Deferred Retirement Option Plan

Eligibility: Plan members are eligible for the DROP upon the attainment of the earlier of:

(1) age 57 regardless of Credited Service, or
(2) age 55 with 25 years of Credited Service, or
(3) 30 years of Credited Service regardless of age.

Members must make a written election to participate in the DROP.

Benefit: The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.

Deferred Retirement Option Plan - Continued

Maximum DROP Period: 5 years

Interest Credited: Upon entering the DROP and annually (calendar year basis) thereafter, the participant elects to receive earnings based upon one of the following options:

(1) the actual quarterly net investment return realized by the Fund, or
(2) 4% per annum.

Normal Form of Benefit: Lump Sum

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

Z. Other Ancillary Benefits

There are no ancillary benefits-retirement type benefits not required by statutes but which might be deemed a Bal Harbour Village Employees' Pension Plan liability if continued beyond the availability of funding by the current funding source.

Plan Provisions – Council Members

A. Ordinances:

Plan established under the Code of Ordinances for the Village of Bal Harbour, Florida, Part II, Chapter 13, Article II, and was most recently amended and restated on April 11, 2022. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

October 1, 1955

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

Councilmembers who are serving on the Village Council on May 1, 2022, and Councilmembers elected to the Village Council thereafter.

F. Credited Service

Service is measured as the total number of years and completed months of Continuous Employment with the Village beginning on the date of employment and ending on the date of termination or retirement. No service will be credited for any periods of employment for which the participant received a refund of their employee contributions.

G. Compensation

Basic compensation, defined as compensation actually paid to a participant excluding overtime pay, shift differentials, bonuses and all other extraordinary pay.

H. Final Average Compensation (FAC)

Average monthly rate of Compensation during the highest 24 consecutive months out of the last 120 months preceding the date of termination or retirement.

I. Normal Retirement

Eligibility: A participant may retire on the first day of the month coincident with or next following the earlier of:

(1) age 57 with 8 years of Credited Service, or
(2) 20 years of Credited Service regardless of age.

Plan Provisions – Council Members

Benefit: 4.0% of FAC times Credited Service, but not more than 48% of FAC if retiring with less than 20 years of service. The benefit payable to any Councilmember who completes 20 consecutive years of employment as a Councilmember (except for one period not exceeding six months) shall be 50% of FAC, in accordance with Section 112.048, Florida Statutes.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

J. Early Retirement

Not Applicable.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Not Applicable

M. Non-Service Connected Disability

Eligibility: Any participant who becomes totally and permanently disabled and unable to render useful and efficient service to the Village for a period of at least 6 months is eligible for a disability benefit.

Benefit The participant becomes fully vested on the date of disability. The benefit is calculated as if the participant was eligible for Early Retirement and retired on the date of disability.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

Plan Provisions – Council Members

N. Death in the Line of Duty

Eligibility: Any participant that dies as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: 50% of the participant's base rate of pay in effect at the time of death payable to the designated beneficiary.

Normal Form of Benefit: 10 Years Certain; minimum amount shall be equal to the deceased participant's own contributions.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

O. Other Pre-Retirement Death

Eligibility: Any participant that dies not as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: Calculated as if the participant was eligible for Early Retirement and retired immediately preceding the participant's death.

Normal Form of Benefit: 10 Years Certain; minimum amount shall be equal to the deceased participant's own contributions.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Plan Provisions – Council Members

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the following options are available.

1. Joint and last survivor
2. Life annuity
3. Other: Determined as actuarial equivalent benefit.
4. Lump sum: Participants hired on or before January 29, 1985 may request payment of their retirement benefit in a lump sum benefit. A lump sum payment exceeding $50,000 may be delayed for up to six months by the Board. Participants hired after January 29, 1985 may request payment of their retirement benefit in a lump sum as long as it does not exceed $5,000.

Optional forms (other than lump sums) are calculated using 7% interest and the UP-1984 Mortality Table, with ages set ahead five years in the case of disability retirees.

R. Vested Termination

Eligibility: A participant has earned a non-forfeitable right to Plan benefits after the completion of 1 year of Credited Service (see vesting table below). In addition, any participant who is eligible for Early, Normal or Disability Retirement is automatically 100% vested.

YEARS OF CREDITED SERVICE	% OF NORMAL RETIREMENT BENEFITS
Less Than 1	0 %
1	0
2	0
3	0
4	0
5	0
6	0
7	0
8 or more	100

Benefit: The benefit is the member's vested portion of the accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the Normal Retirement date.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

Plan Provisions – Council Members

S. Refunds

Not Applicable

T. Member Contributions

None

U. Employer Contributions

The amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

W. Changes from Previous Valuation

Council members become eligible to participate in the Plan effective May 1, 2022.

X. 13th Check

Not applicable.

Y. Deferred Retirement Option Plan

Not Applicable

Z. Other Ancillary Benefits

There are no ancillary benefits-retirement type benefits not required by statutes but which might be deemed a Bal Harbour Village Employees' Pension Plan liability if continued beyond the availability of funding by the current funding source.

Plan Provisions – Dual Service Employees

A. Ordinances:

Plan established under the Code of Ordinances for the Village of Bal Harbour, Florida, Part II, Chapter 13, Article II, and was most recently amended and restated on April 11, 2022. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

October 1, 1955

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

Any former employee who subsequently became a participant in the Bal Harbour Village Police Officers' Pension Plan and Trust with no interruption of employment with the Village and who has less than six years Credited Service and no right to any benefit under the Village Employees' plan, except a return of contributions, which has not been exercised.

F. Credited Service

Service is measured as the total number of years and completed months of Continuous Employment with the Village beginning on the date of employment and ending on the date of transfer. No service will be credited for any periods of employment for which the member received a refund of their employee contributions.

G. Compensation

Basic compensation, defined as compensation actually paid to a participant excluding overtime pay, shift differentials, bonuses and all other extraordinary pay.

H. Final Average Compensation (FAC)

Average monthly rate of Compensation during the highest 36 consecutive months out of the last 120 months preceding the date of termination or retirement.

Plan Provisions – Dual Service Employees

I. Normal Retirement

Eligibility: A participant may retire on the first day of the month coincident with or next following the earlier of:

(1) age 57 regardless of Credited Service, or
(2) age 55 with 10 years of Credited Service, or
(3) age 52 with 25 years of Credited Service, or
(4) 20 years of Credited Service regardless of age.

Benefit: 3.5% of FAC times Credited Service.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

J. Early Retirement

Eligibility: A participant may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 with 10 years of Credited Service.

Benefit: The Normal Retirement Benefit is actuarially reduced for each year, not to exceed 3% per year, by which the Early Retirement date precedes the Normal Retirement date.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

Supplemental Benefit: Any pension benefits earned in excess of Internal Revenue Code Section 415 limits will be paid from the Excess Benefit Plan.

Plan Provisions – Dual Service Employees

K. Delayed Retirement

Not applicable

L. Service Connected Disability

Not applicable

M. Non-Service Connected Disability

Eligibility: Any participant who becomes totally and permanently disabled and unable to render useful and efficient service to the Village.

Benefit: Refund of Contributions with interest.

N. Death in the Line of Duty

Eligibility: Any participant that dies as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: Refund of contributions with interest.

O. Other Pre-Retirement Death

Eligibility: Any participant that dies not as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: Refund of contributions with interest.

P. Post Retirement Death

Not Applicable

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the following options are available.

1. Joint and last survivor
2. Life annuity
3. Other: Determined as actuarial equivalent benefit.

Optional forms (other than lump sums) are calculated using 7% interest and the UP-1984 Mortality Table, with ages set ahead five years in the case of disability retirees.

R. Vested Termination

Not applicable

Plan Provisions – Dual Service Employees

S. Refund

Eligibility: All members leaving covered employment are eligible. Optionally, vested members may withdraw their assessments plus interest in lieu of the deferred benefits otherwise due.

Benefit: The member who withdraws receives a lump-sum payment of his/her employee assessments, plus the interest credited on these contributions. Interest is credited at 5%.

T. Member Contributions

Not applicable

U. Employer Contributions

The amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.

W. Changes from Previous Valuation

See the Discussion of Valuation Results Section of this report under the Revisions in Benefits heading.

X. 13th Check

Not applicable

Y. Deferred Retirement Option Plan

Eligibility: Plan members are eligible for the DROP upon the attainment of the earlier of:

(1) age 57 regardless of Credited Service, or
(2) age 55 with 10 years of Credited Service, or
(3) age 52 with 25 years of Credited Service, or
(4) 20 years of Credited Service regardless of age.

Members must make a written election to participate in the DROP.

Benefit: The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.

Plan Provisions – Dual Service Employees

Maximum DROP Period:	5 years
Interest Credited:	Upon entering the DROP and annually (calendar year basis) thereafter, the participant elects to receive earnings based upon one of the following options: (1) the actual quarterly net investment return realized by the Fund, or (2) 4% per annum.
Normal Form of Benefit:	2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter for participants who retire after March 21, 2006. Not payable to participants who elect lump sum distributions.
COLA:	None

Z. Other Ancillary Benefits

There are no ancillary benefits-retirement type benefits not required by statutes but which might be deemed a Bal Harbour Village Employees' Pension Plan liability if continued beyond the availability of funding by the current funding source.

SECTION G

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS		October 1, 2023	October 1, 2022
A.	Participant Data		
	Number Included:		
	Actives	53	42
	Service Retirees & Beneficiaries	36	34
	Disability Retirees	0	0
	Terminated Vested Members	11	12
	Total Members and Beneficiaries	100	88
	Total Annual Payroll	$4,228,572	$3,352,648
	Expected Annual Payroll in Contribution Year	4,397,715	3,486,754
	Total Annualized Benefits		
	Service Retirees & Beneficiaries	1,040,378	993,570
	Disability Retirees	0	0
	Terminated Vested Members	98,120	99,358
B.	Assets (Market Value)		
	Cash and Short Term Investments	156,084	78,478
	Government Agency Bond Fund	2,424,384	0
	Corporate Bonds	2,426,313	4,191,350
	Equity Funds	12,415,996	9,821,675
	Fixed Income Funds	0	901,165
	Other Securities	1,801,163	1,759,047
	Net Receivables & Payables (DROP Balances)	(406,774)	(274,025)
	Total	18,817,166	16,477,690
	Actuarial Value	19,781,863	18,595,491
	Assets include:		
	Accumulated active member contributions (with interest if applicable)	1,149,297	955,793

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS (Continued)		October 1, 2023	October 1, 2022
C.	Liabilities- Actuarial Present Value of Future Benefits		
	1. Active Members		
	Service Retirement Benefits	$13,951,673	$11,603,227
	Vesting Benefits	3,103,889	2,719,803
	Disability Benefits	316,513	290,980
	Preretirement Death Benefits	117,406	99,536
	Return of Member Contributions	0	0
	Total Actives	17,489,481	14,713,546
	2. Inactive Members		
	Service Retirees & Beneficiaries	16,167,038	15,581,419
	Disability Retirees	0	0
	Terminated Vested Members	1,077,565	1,326,285
	Total Inactive Members	17,244,603	16,907,704
	3. Total Present Value for All Members	34,734,084	31,621,250
	Total Present Value of:		
	Future Salaries	25,313,936	19,412,373
	Future Employee Contributions	1,854,375	1,368,008
	Future Contributions from Other Sources	13,097,846	11,657,751
	Derivation of Current Employer Unfunded Actuarial Accrued Liability (UAAL)		
a.	Total UAAL for Prior Valuation Date	$5,946,615	$5,495,591
b.	Employer Normal Cost for this period	1,091,491	871,937
c.	Interest acccrued on (a) and (b)	404,691	366,133
d.	Employer Contributions for this period	1,470,323	1,297,760
e.	Interest accrued on (d)	83,115	73,209
f.	Changes due to:		
	Assumptions	0	0
	Plan Amendment	0	0
	Cost Method (Asset Method)	0	0
	Actuarial (Gain) Loss	813,343	583,923
g.	Total Current UAAL: a+b+c-d-e+f	6,702,702	5,946,615

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS (Continued)		October 1, 2023	October 1, 2022
D.	Pension Cost		
	Entry Age Normal Cost for:		
	Service Retirement Benefits	$1,226,811	$1,067,026
	Vesting Benefits	218,459	175,880
	Disability Benefits	30,803	27,047
	Preretirement Death Benefits	15,011	12,610
	Return of Member Contributions	831	654
	Total Actives	1,491,915	1,283,217
	Expected Administrative Expenses	54,678	69,092
	Expected Member Contributions	328,961	260,818
	Total Employer Normal Cost	1,217,633	1,091,491
	Payment Required to Amortize Unfunded Actuarial Accrued Liability	645,882	557,969
	Total Contribution at Valuation Date	1,863,515	1,649,460
	Total Contribution Adjusted for Frequency of Payments and Interest to Next Following Fiscal Year	1,972,788	1,746,181
	% of Expected Payroll	44.86%	50.08%
	Amount Expected to be Contributed by Members	351,817	278,940
	% of Expected Payroll	8.00%	8.00%
E.	Past Contributions- For the Fiscal Year Ended September 30	**2023**	**2022**
	Required Contribution Determined in the Valuation as of October 1	**2021**	**2020**
	by the Plan Sponsor	1,470,323	1,295,078
	by Members	229,575	215,973
	Actual Contribution for the Fiscal Year ended September 30	**2022**	**2022**
	by the Plan Sponsor	1,470,323	1,297,760
	by Members	241,386	189,701

F. 1. Plan to Amortize Unfunded Actuarial Accrued Liability

20 year funding of the Original Unfunded Actuarial Accrued Liability and 20 year funding of any adjustments thereto.

2. Schedule Illustrating the Amortization of the Unfunded Actuarial Accrued Liability (UAAL)

Year	Projected UAAL
2023 (peak)	$6,702,704
2024	$6,415,171
2025	$6,085,888
2026	$5,718,472
2030	$3,810,436
2035	$1,380,537
2041	$234,202
2042	$88,282

3. Action taken since last actuarial valuation.

Contribution sufficient to satisfy the total required contribution.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS (Continued)

G. Net experience (gain) loss during year: $813,343

H. 1. Three-Year Comparison of Actual and Assumed Salary Increases (Annualized)

Year Ended	Actual	Assumed
9/30/2023	5.5%	4.0%
9/30/2022	7.5%	4.7%
9/30/2021	4.8%	4.8%

2. Three-Year Comparison of Investment Return (Actuarial Value)

Year Ended	Actual	Assumed
9/30/2023	3.8%	5.75%
9/30/2022	4.3%	5.75%
9/30/2021	9.9%	5.75%

3. Average Annual Growth in Payroll, Last Ten Years (if applicable)

Valuation Date	Total Payroll
10/1/2023	$4,228,572
10/1/2022	3,352,648
10/1/2021	2,759,312
10/1/2020	2,595,832
10/1/2019	1,956,384
10/1/2018	1,700,715
10/1/2017	1,653,391
10/1/2016	1,332,178
10/1/2015	1,251,987
10/1/2014	1,068,585
10/1/2013	1,130,179
Total % Increase Last Ten Years	274.15%
Annual % Increase	14.10%
Thirty-year Forecast (Annualized)	2.75%

I. Benefits and Expenses of Plan not Explicitly or Implicitly Provided in Valuation

NONE

J. Trends not taken into Account but which are likely to Result in Future Cost Increases

NONE

Original and Current Unfunded Actuarial Accrued Liabilities						
Date	Item Description	Original Years (reset in 2012)	Years Remaining	Original Amount	Current Amount	Amortization Payment
10/1/2005	Original	20	9	$1,308,766	$1,069,913	$125,426
10/1/2006	Experience Loss	20	9	200,559	131,339	16,329
10/1/2006	Assumption/Method Change	20	9	(507,430)	(332,301)	(41,313)
10/1/2007	Experience Gain	20	9	(26,255)	(15,483)	(1,925)
10/1/2008	Experience Loss	20	9	411,027	240,093	29,849
10/1/2008	Assumption Change	20	9	598,898	349,835	43,493
10/1/2009	Experience Gain	20	9	(44,224)	(28,941)	(3,598)
10/1/2010	Experience Gain	20	9	(321,083)	(208,771)	(25,955)
10/1/2011	Experience Loss	20	9	1,371,441	952,814	118,457
10/1/2012	Experience Loss	20	9	58,645	40,907	5,086
10/1/2013	Experience Loss	20	10	(228,327)	(172,540)	(19,573)
10/1/2013	Benefit Change	20	10	733,118	553,996	62,845
10/1/2014	Experience Gain	20	11	(57,037)	(47,839)	(5,001)
10/1/2014	Assumption Change	20	11	848,086	711,348	74,368
10/1/2015	Experience Gain	20	12	(657,337)	(578,251)	(56,174)
10/1/2015	Assumption Change	20	12	516,916	454,726	44,174
10/1/2016	Experience Loss	20	13	243,347	218,970	19,903
10/1/2016	Assumption Change	20	13	357,791	321,947	29,263
10/1/2017	Experience Loss	20	14	423,867	399,638	34,187
10/1/2017	Assumption Change	20	14	601,629	567,242	48,525
10/1/2018	Experience Loss	20	15	152,339	146,775	11,877
10/1/2018	Assumption Change	20	15	663,029	638,808	51,691
10/1/2019	Experience Gain	20	16	(102,357)	(101,198)	(7,780)
10/1/2020	Experience Gain	20	17	609,931	618,018	45,314
10/1/2020	Assumption Change	20	17	(539,317)	(546,469)	(40,068)
10/1/2021	Experience Gain	20	18	(278,799)	(281,171)	(19,729)
10/1/2021	Benefit Changes	20	18	193,888	195,538	13,720
10/1/2022	Experience Loss	20	19	152,197	590,418	39,766
10/1/2023	Experience Loss	20	20	813,343	813,343	52,725
TOTAL				$7,496,651	$6,702,704	$645,882

Graystone Consulting℠
A business of Morgan Stanley

Village of Bal Harbour

Quarterly Performance Report
As of December 31, 2023

Scott Owens, CFA®, CIMA®
Managing Director - Wealth Management
Institutional Consulting Director
Corporate Retirement Director
Impact Investing Director
Alternative Investment Director
Scott.Owens@msgraystone.com
(813) 227-2027

Theodore J. (TJ) Loew, CFA®
Institutional Consultant
Theodore.Loew@msgraystone.com
(813) 227-2088

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Capital Markets Returns

as of December 31, 2023

U.S. Equity Market % Returns for the Period Ending December 31, 2023	Quarter to Date	Year to Date	12 Months	Three Years (annualized)	Five Years (annualized)	Seven Years (annualized)	Ten Years (annualized)
S&P 500 Index	11.69	26.29	26.29	10.00	15.69	13.42	12.03
Dow Jones Industrial Average	13.09	16.18	16.18	9.38	12.47	12.11	11.08
Russell 3000 Index	12.07	25.96	25.96	8.54	15.16	12.81	11.48
Russell 3000 Value Index	9.83	11.65	11.65	8.80	10.84	8.16	8.28
Russell 3000 Growth Index	14.09	41.21	41.21	8.08	18.85	17.03	14.33
Russell 1000 Index	11.96	26.53	26.53	8.97	15.52	13.21	11.81
Russell 1000 Value Index	9.50	11.46	11.46	8.86	10.91	8.32	8.40
Russell 1000 Growth Index	14.16	42.68	42.68	8.86	19.50	17.68	14.86
Russell Midcap Index	12.82	17.23	17.23	5.92	12.68	10.07	9.42
Russell Midcap Value Index	12.11	12.71	12.71	8.36	11.16	7.76	8.26
Russell Midcap Growth Index	14.55	25.87	25.87	1.31	13.82	12.49	10.57
Russell 2000 Index	14.03	16.93	16.93	2.22	9.97	7.33	7.16
Russell 2000 Value Index	15.26	14.65	14.65	7.94	10.00	6.10	6.76
Russell 2000 Growth Index	12.75	18.66	18.66	(3.50)	9.22	8.07	7.16

S&P 500 Sector % Returns for the Period Ending December 31, 2023	Quarter to Date
Real Estate	18.83
Technology	17.17
Financials	14.03
Industrials	13.05
Consumer Discretionary	12.42
Communication Services	10.95
Materials	9.69
Utilities	8.56
Health Care	6.41
Consumer Staples	5.54
Energy	(6.94)

Past Performance is not a guarantee of future results. Indices are not available for direct investment. Source: PARis

Graystone Consulting from Morgan Stanley

Village of Bal Harbour
Capital Markets Returns
as of December 31, 2023

Developed Markets Equity % Returns for the Period Ending December 31, 2023

	U.S. Dollar					Local Currency				
	Quarter to Date	Year to Date	12 Months	3 Years	5 Years	Quarter to Date	Year to Date	12 Months	3 Years	5 Years
Regional and Other Multi-Country Indices										
MSCI EAFE	10.42	18.24	18.24	4.02	8.16	5.01	16.77	16.77	9.18	10.03
MSCI Europe	11.05	19.89	19.89	5.80	9.09	5.65	15.04	15.04	9.30	9.84
MSCI Far East	7.61	15.87	15.87	0.04	6.03	2.25	22.35	22.35	9.13	10.52
MSCI Pacific ex. Japan	11.39	6.44	6.44	1.58	5.74	6.82	5.86	5.86	4.34	6.15
MSCI The World	11.53	24.42	24.42	7.79	13.37	9.97	26.98	26.98	10.13	N/A
MSCI World ex. U.S.	10.51	17.94	17.94	4.42	8.45	5.39	16.40	16.40	9.28	10.14
National Indices										
MSCI Hong Kong	3.42	(14.77)	(14.77)	(7.93)	(1.84)	3.13	(14.73)	(14.73)	(7.73)	(1.89)
MSCI Ireland	6.26	24.84	24.84	0.22	9.93	1.84	20.62	20.62	3.70	10.69
MSCI Japan	8.22	20.77	20.77	1.04	7.31	2.24	29.04	29.04	12.09	12.83
MSCI Singapore	4.48	N/A	N/A	N/A	N/A	1.30	3.72	3.72	(0.30)	0.47

Emerging Markets Equity % Returns for the Period Ending December 31, 2023

	U.S. Dollar					Local Currency				
	Quarter to Date	Year to Date	12 Months	3 Years	5 Years	Quarter to Date	Year to Date	12 Months	3 Years	5 Years
Regional and Other Multi-Country Indices										
MSCI EM	7.93	10.27	10.27	(4.71)	4.07	5.65	10.29	10.29	(2.15)	5.82
National Indices										
MSCI China	(4.21)	(11.04)	(11.04)	(18.31)	(2.65)	(4.78)	(10.57)	(10.57)	(17.72)	(2.51)
MSCI Malaysia	4.56	(3.49)	(3.49)	(5.18)	(2.83)	2.33	0.67	0.67	(0.88)	(0.75)
MSCI Taiwan	17.46	31.33	31.33	5.68	18.21	11.67	31.14	31.14	8.84	18.17
MSCI Thailand	3.90	(10.26)	(10.26)	(2.26)	(1.91)	3.90	(10.26)	(10.26)	(2.26)	(1.91)

Past Performance is not a guarantee of future results. Indices are not available for direct investment. Source: PARis

Graystone Consulting from Morgan Stanley

Village of Bal Harbour

Capital Markets Returns

as of December 31, 2023

Fixed Income % Returns for the Period Ending December 31, 2023	Quarter to Date	Year to Date	12 Months	Three Years (annualized)	Five Years (annualized)	Seven Years (annualized)	Ten Years (annualized)
U.S. Fixed Income							
90-Day T-Bills	1.40	5.26	5.26	2.25	1.91	1.75	1.26
Bloomberg US Aggregate	6.82	5.53	5.53	(3.31)	1.10	1.29	1.81
Barclays Credit	8.15	8.18	8.18	(3.21)	2.45	2.30	2.83
Barclays Govt/Credit	6.63	5.72	5.72	(3.53)	1.42	1.52	1.97
Barclays Government	5.62	4.09	4.09	(3.74)	0.56	0.85	1.27
Barclays High Yield	7.15	13.44	13.44	1.98	5.35	4.56	4.59
Barclays Intermediate Govt/Credit	4.56	5.24	5.24	(1.63)	1.59	1.57	1.72
Barclays Long Govt/Credit	13.24	7.13	7.13	(8.69)	1.12	1.58	3.22
Barclays Mortgage Backed	7.48	5.05	5.05	(2.86)	0.25	0.67	1.38
Barclays Municipal	7.89	6.40	6.40	(0.40)	2.25	2.56	3.03
Global Fixed Income							
Merrill Lynch Global High Yield	7.63	13.39	13.39	(0.09)	4.15	3.88	3.67
Barclays Global Treasury ex. US	10.67	6.84	6.84	(8.72)	(2.33)	(0.49)	(1.15)
Barclays Capital Majors ex. U.S.	9.86	3.14	3.14	(9.96)	(3.50)	(1.45)	(1.55)

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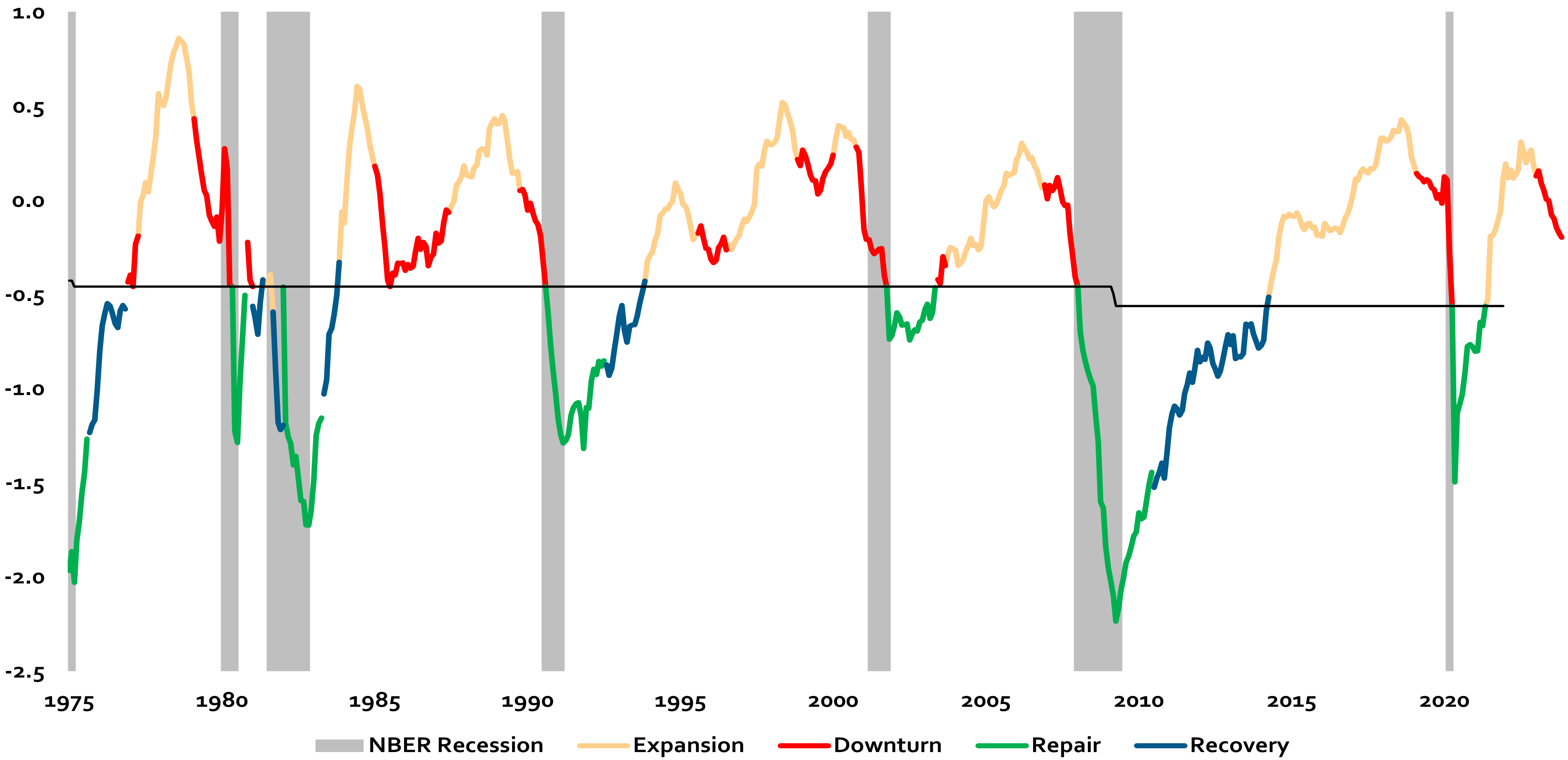
Morgan Stanley Cycle Indicator for US Economy (1)

Data that are strong but starting to soften are not as good for markets as data that are weak but starting to improve

Markets Driven by Rate of Change More Than by Levels

As of November 30, 2023

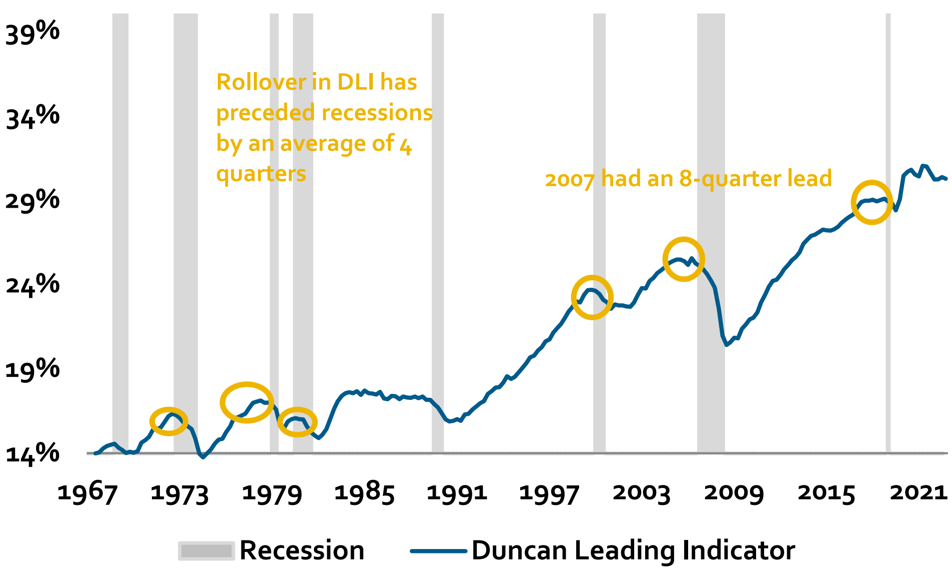


Source: Morgan Stanley & Co., Bloomberg, Haver Analytics, NBER. Grey bars indicate periods of recession. (1) The Morgan Stanley US Cycle Indicator measures the deviation from historical norms for macro factors including employment, credit conditions, corporate behavior and the yield curve. The repair phase occurs due to the time lag between when these factors are beginning to improve and when they turn positive. The Morgan Stanley US Cycle Indicator was revised as of December 31, 2018, by MS & Co. Research.

Recession Indicators

Duncan Leading Indicator (DLI)

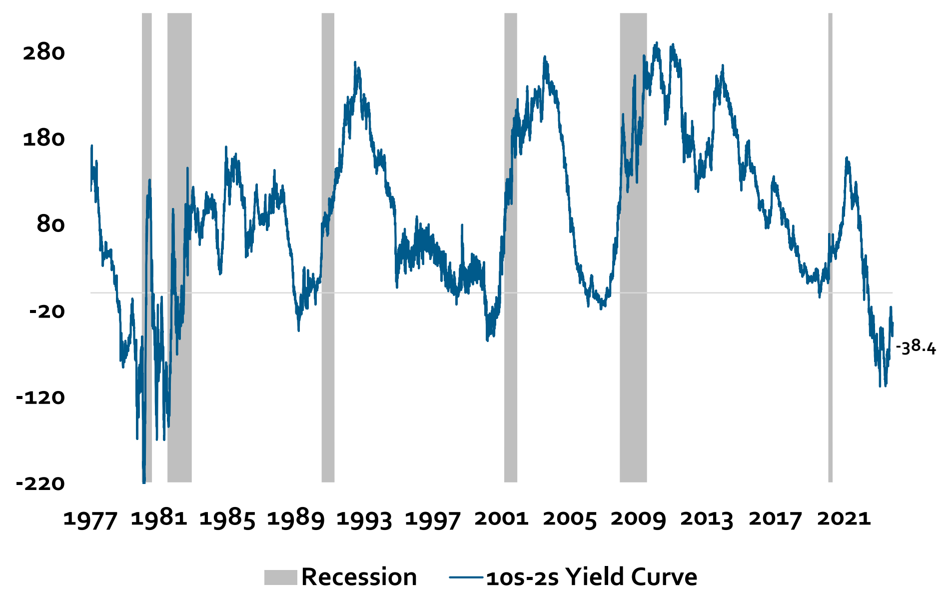
Quarterly data as of September 30, 2023



DLI represents the relationship between spending and investment relative to demand; if spending and investment grow faster than demand, a rollover in the DLI should precede a recession

US Treasury 10 Yr – 2Yr Spread (bps)

As of December 04, 2023



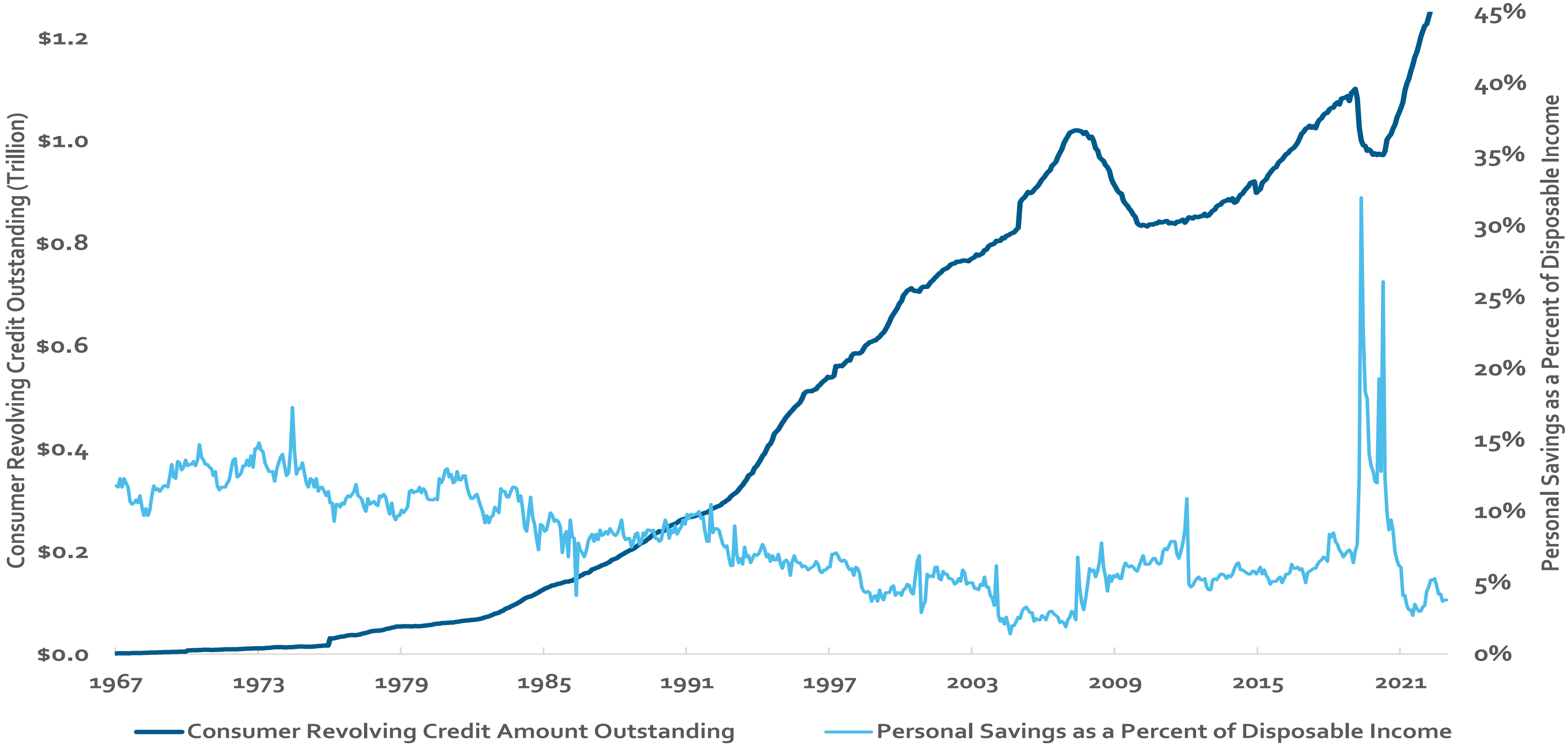
The "2s/10s" spread provides a quick and simple indication of the slope of the yield curve. A flat curve is often followed by weak economic and financial market performance, while a steep curve is followed by strong performance. An inverted curve is typically seen as a warning sign of possible recession.

Source: Bloomberg, Morgan Stanley Wealth Management GIO.

Consumer Revolving Credit Outstanding vs. Personal Savings

Unless the labor market remains strong in 2023, belt tightening might lead to further economic slowing

As of November 30, 2023



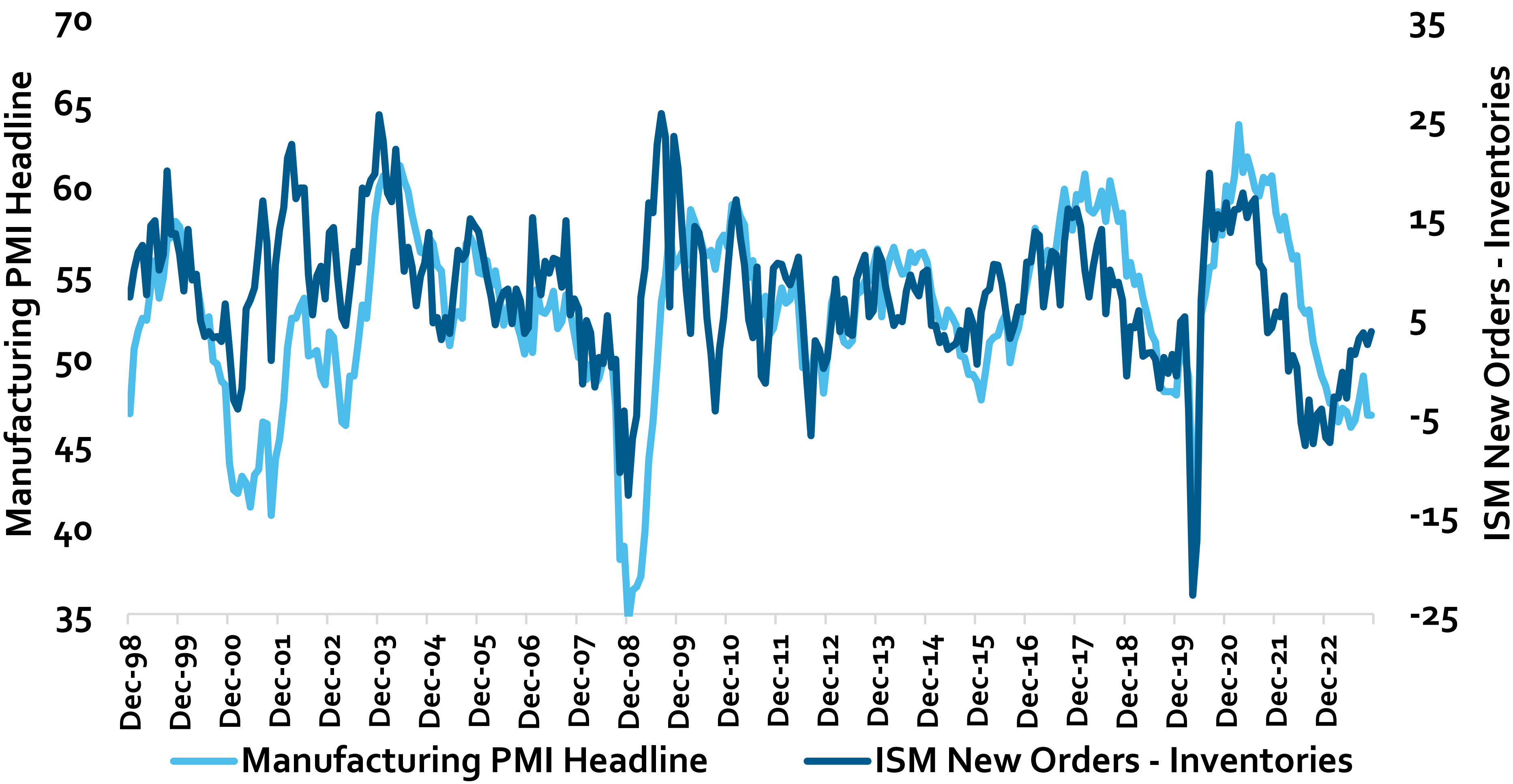
- Revolving credit card balances exceed the pre-pandemic peak.
- Savings has plummeted to its lowest level in 15 years.

Source: Bloomberg, Morgan Stanley Wealth Management Global Investment Office

Inventories vs. Demand

Global Purchasing Managers' Index (PMI)

As of November 30, 2023



Source: Bloomberg, Morgan Stanley Wealth Management GIO

Bull Markets and Economic Expansions Have Continued for Close to 4 Years After the First Rate Hike

Months to Peak in S&P 500 and Recession Following Rate Hike

Since November 30, 1954

	Average (Months)	Median (Months)
Peak in S&P 500		
After First Rate Hike	41	41
After Final Rate Hike	6	9
Recession		
After First Rate Hike	52	44
After Final Rate Hike	17	8

Source: Bloomberg, Federal Reserve Board, National Bureau for Economic Research, Morgan Stanley Wealth Management Global Investment Office. Current cycle is not included.

Business Cycles Have Mattered More than the Party in the Oval Office

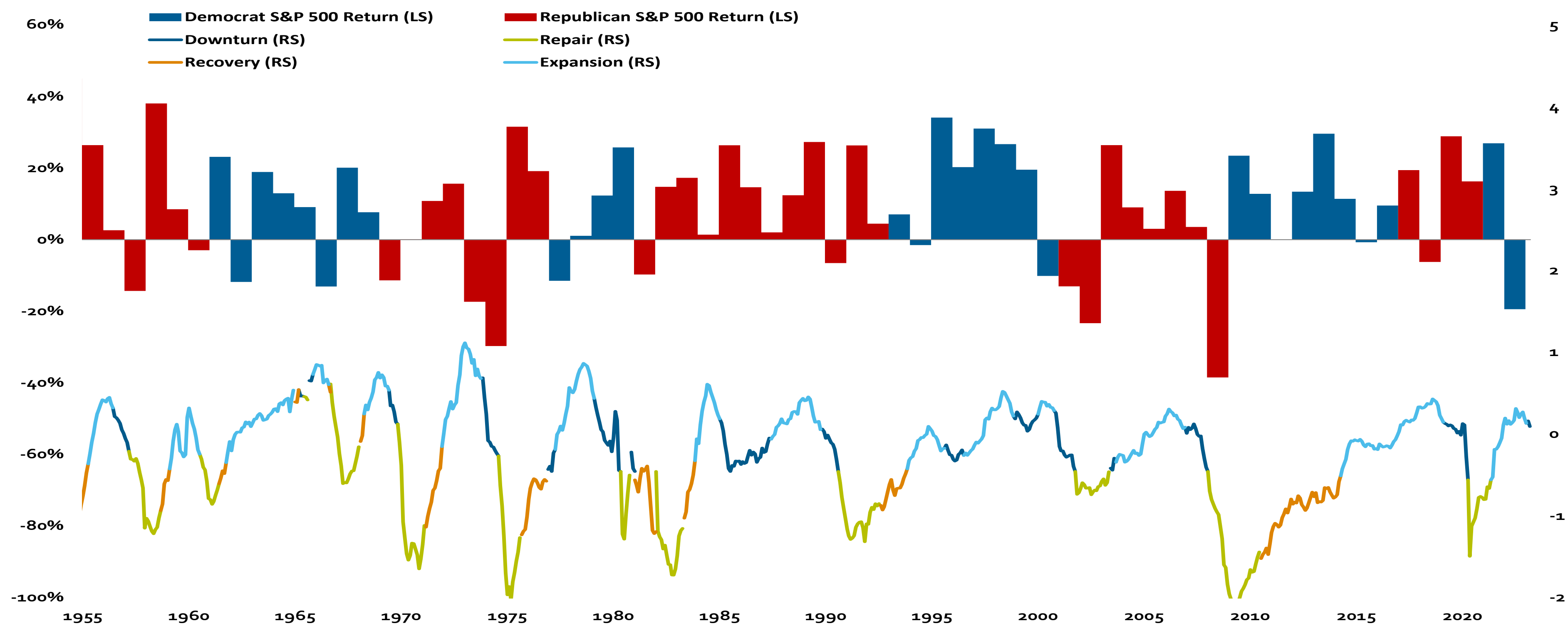
Larger returns have been associated more with recoveries and expansions than presidential party control, while lower returns have been associated more with downturns and repairs

Morgan Stanley Cycle Indicator, S&P 500 Annual Price Returns

Data as of April 17, 2023

Avereage Monthly S&P 500 Price Return During Different Business Cycle

	Downturn	Repair	Recovery	Expansion
Overall	0.31%	0.73%	0.74%	0.65%
Republican	0.01%	0.48%	0.33%	0.72%
Democrat	0.81%	1.29%	1.06%	0.60%

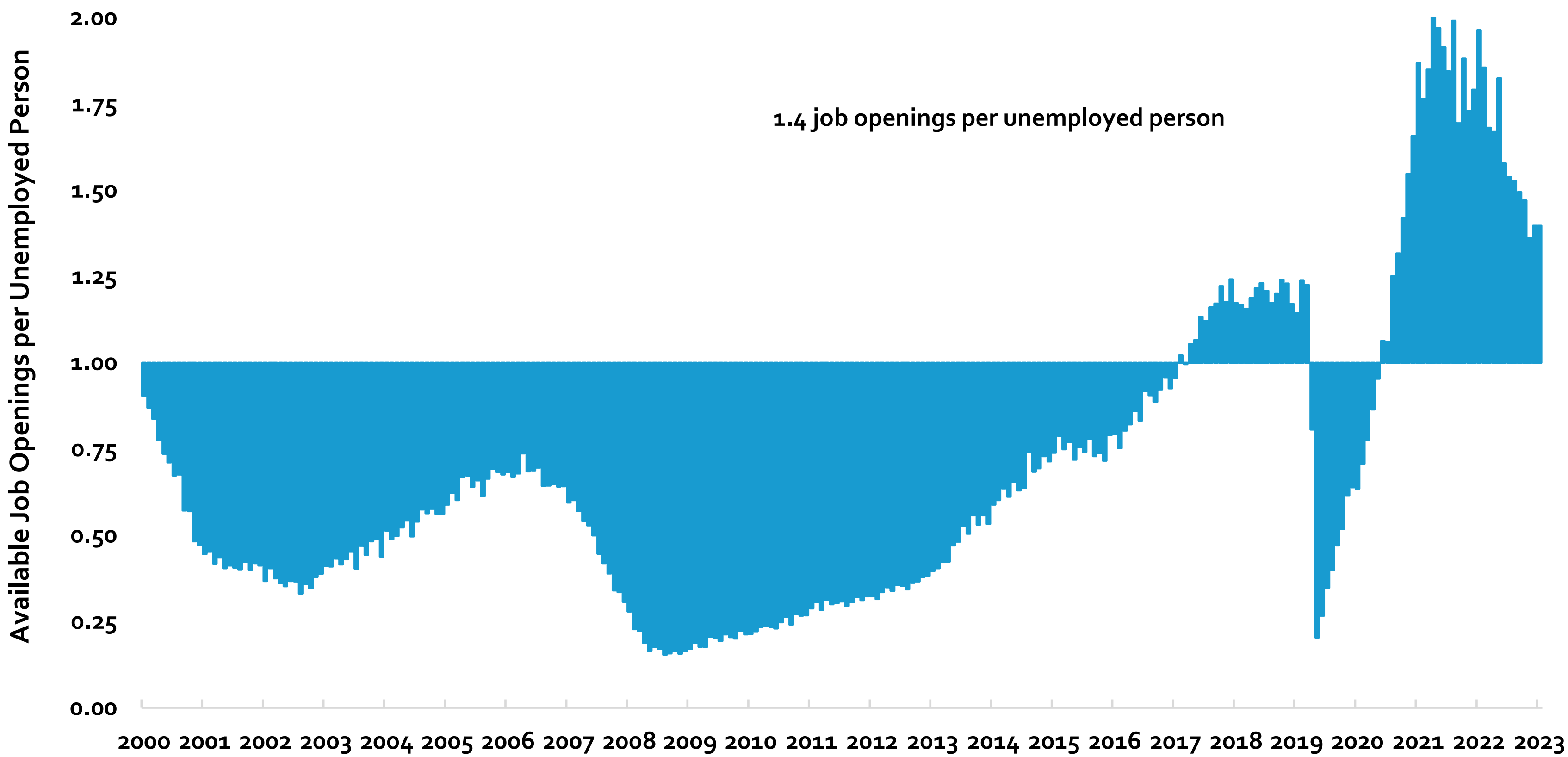


Source: Bloomberg, Morgan Stanley & Co. Research, NBER, Bloomberg, Haver Analytics. The Morgan Stanley Cycle Indicators measure the deviation from historical norms for macro factors including employment, credit conditions, corporate behavior and the yield curve. The repair phase occurs due to the lag time between when these factors are beginning to improve and when they turn positive.

US Job Openings per Unemployed Person

Ratio of job openings to unemployed persons

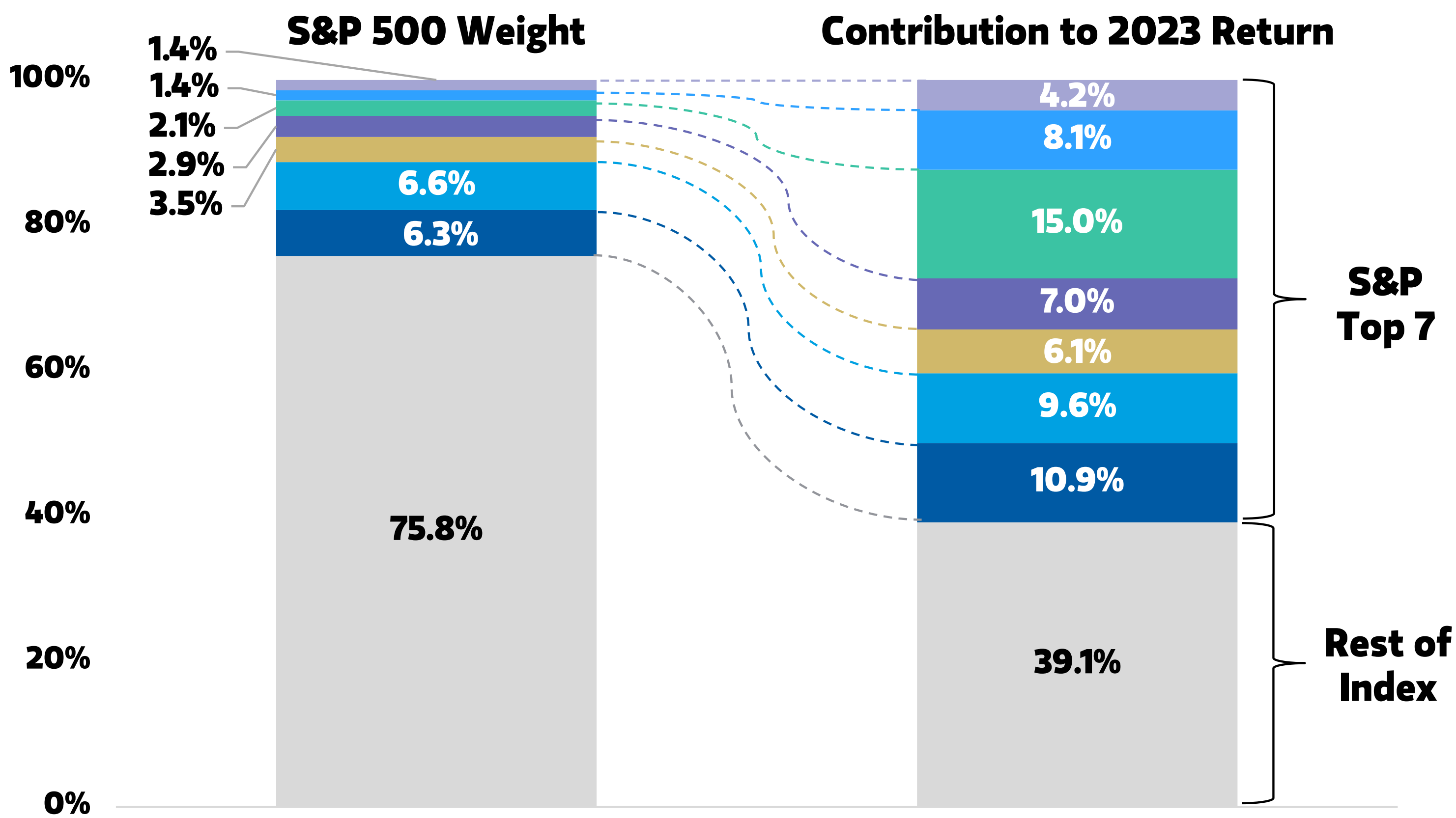
Monthly data as of December 31, 2023



Source: Bloomberg, Morgan Stanley Wealth Management GIO. Values above 1 indicate more job openings than unemployed persons.

The Magnificent Seven Dominated 2023's Returns, Contributing Well Above Their Weights

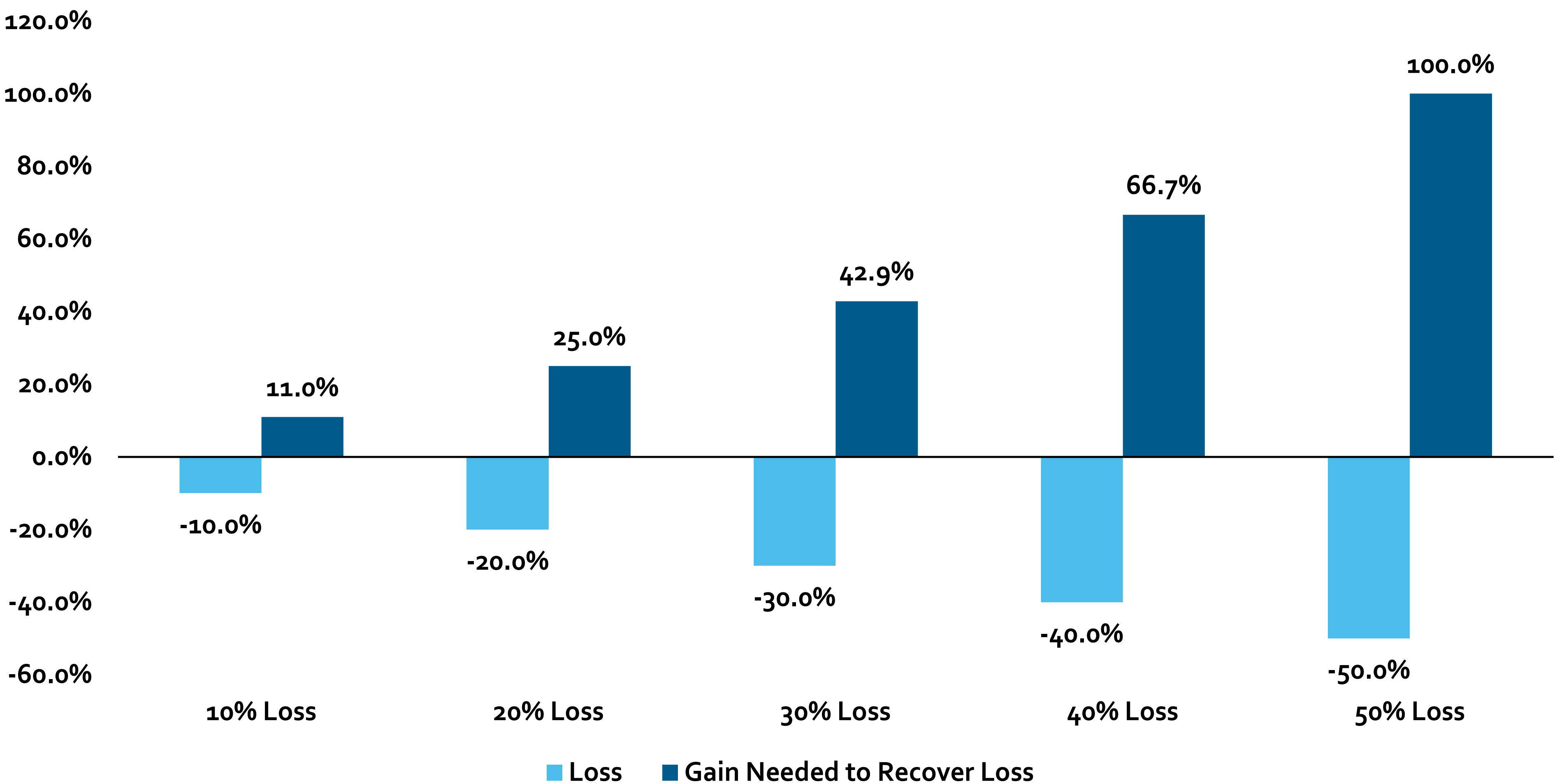
Data as of December 31, 2023



Note: "S&P 500" Weight reflects the average index weight during the calendar year 2023.
Source: Bloomberg, Morgan Stanley Wealth Management GIC

Losses are a Portfolio's Worst Enemy

Losses and Subsequent Gains Needed to Recover Initial Loss



Source: Morgan Stanley Wealth Management GIC.

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Global Investment Manager Analysis (GIMA) Focus List, Approved List and Tactical Opportunities List; Watch Policy. GIMA uses two methods to evaluate investment products in applicable advisory programs: **Focus** (and investment products meeting this standard are described as being on the Focus List) and **Approved** (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status). GIMA has a '**Watch**" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. Certain investment products on either the Focus List or Approved List may also be recommended for the **Tactical Opportunities List** based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time. For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "Manager Selection Process."

The **Global Investment Committee** is a group of seasoned investment professionals who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend model portfolio weightings, as well as produce a suite of strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.

The GIC Asset Allocation Models are not available to be directly implemented as part of an investment advisory service and should not be regarded as a recommendation of any Morgan Stanley investment advisory service. The GIC Asset Allocation Models do not represent actual trading or any type of account or any type of investment strategies and none of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, advisory fees, fund expenses) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models which, when compounded over a period of years, would decrease returns.

Adverse Active AlphaSM 2.0 is a patented screening and scoring process designed to help identify high-quality equity and fixed income managers with characteristics that may lead to future outperformance relative to index and peers. While highly ranked managers performed well as a group in our Adverse Active Alpha model back tests, not all of the managers will outperform. Please note that this data may be derived from back-testing, which has the benefit of hindsight. In addition, highly ranked managers can have differing risk profiles that might not be appropriate for all investors.

Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management's qualitative and quantitative investment manager due diligence process are equally important factors for investors when considering managers for use through an investment advisory program. Factors including, but not limited to, manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors.

The proprietary **Value Score** methodology considers an active investment strategies' value proposition relative to its costs. From a historical quantitative study of several quantitative markers, Value Score measures perceived forward-looking benefit and computes (1) "fair value" expense ratios for most traditional investment managers across 40 categories and (2) managers' perceived "excess value" by comparing the fair value expense ratios to actual expense ratios. Managers are then ranked within each category by their excess value to assign a Value Score. Our analysis suggests that greater levels of excess value have historically corresponded to attractive subsequent performance.

For more information on the ranking models, please see Adverse Active AlphaSM 2.0: Scoring Active Managers According to Potential Alpha and Value Score: Scoring Fee Efficiency by Comparing Managers' "Fair Value" and Actual Expense Ratios. The whitepapers are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

The Global Investment Manager Analysis (GIMA) Services Only Apply to Certain Investment Advisory Programs GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA Status changes even though it may give notice to clients in other programs.

Strategy May Be Available as a Separately Managed Account or Mutual Fund Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program. Generally, investment advisory accounts are subject to an annual asset-based fee (the "Fee") which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor.

In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a Platform Fee (which is subject to a Platform Fee offset) as described in the applicable ADV brochure. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at www.morganstanley.com/ADV.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instances, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at: www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf. For more information on trading and costs, please refer to the ADV Brochure for your program(s), available at www.morganstanley.com/ADV, or contact your Financial Advisor / Private Wealth Advisor.

Conflicts of Interest: GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth

Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. Separately, certain strategies managed or sub-advised by us or our affiliates, including but not limited to MSIM and Eaton Vance Management ("EVM") and its investment affiliates, may be included in your account. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS&Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS&Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

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Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

Consider Your Own Investment Needs: The model portfolios and strategies discussed in the material are formulated based on general client characteristics including risk tolerance. This material is not intended to be an analysis of whether particular investments or strategies are appropriate for you or a recommendation, or an offer to participate in any investment. Therefore, clients should not use this material as the sole basis for investment decisions. They should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a determination may lead to asset allocation results that are materially different from the asset allocation shown in this profile. Talk to your Financial Advisor about what would be an appropriate asset allocation for you, whether Morgan Stanley Pathway Funds is an appropriate program for you.

No obligation to notify – Morgan Stanley Wealth Management has no obligation to notify you when the model portfolios, strategies, or any other information, in this material changes.

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

The Morgan Stanley Pathway Funds, Firm Discretionary UMA Model Portfolios, and other asset allocation or any other model portfolios discussed in this material are available only to investors participating in Morgan Stanley Consulting Group advisory programs. For additional information on the Morgan Stanley Consulting Group advisory programs, see the applicable ADV brochure, available at www.morganstanley.com/ADV or from your Morgan Stanley Financial Advisor or Private Wealth Advisor. To learn more about the Morgan Stanley Pathway Funds, visit the Funds' website at https://www.morganstanley.com/wealth-investmentsolutions/cgcm. Consulting Group is a business of Morgan Stanley.

Morgan Stanley Pathway Program Asset Allocation Models There are model portfolios corresponding to five risk-tolerance levels available in the Pathway program. Model 1 is the least aggressive portfolio and consists mostly of bonds. As the model numbers increase, the models have higher allocations to equities and become more aggressive. Pathway is a mutual fund asset allocation program. In constructing the Pathway Program Model Portfolios, Morgan Stanley Wealth Management uses, among other things, model asset allocations produced by Morgan Wealth Management's Global Investment Committee (the "GIC"). The Pathway Program Model Portfolios are specific to the Pathway program (based on program features and parameters, and any other requirements of Morgan Stanley Wealth Management's Consulting Group). The Pathway Program Model Portfolios may therefore differ in some respects from model portfolios available in other Morgan Stanley Wealth Management programs or from asset allocation models published by the Global Investment Committee.

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 one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual fund or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

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."

Please consider the investment objectives, risks, fees, and charges and expenses of mutual funds, ETFs, closed end funds, unit investment trusts, and variable insurance products carefully before investing. The prospectus contains this and other information about each fund. To obtain a prospectus, contact your Financial Advisor or Private Wealth Advisor or visit the Morgan Stanley website at www.morganstanley.com. Please read it carefully before investing.

Money Market Funds: You could lose money in money market funds. Although money market funds classified as government funds (i.e., money market funds that invest 99.5% of total assets in cash and/or securities backed by the U.S government) and retail funds (i.e., money market funds open to natural person investors only) seek to preserve value at $1.00 per share, they cannot guarantee they will do so. The price of other money market funds will fluctuate and when you sell shares they may be worth more or less than originally paid. Money market funds may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A money market fund investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Investors should carefully consider the investment objectives, risks, charges and expenses of a money market fund before investing. The prospectus contains this and other information about the money market fund. To obtain a prospectus, contact your Financial Advisor or visit the money market fund company's website. Please read the prospectus carefully before investing.

Exchange Funds are private placement vehicles that enable holders of concentrated single-stock positions to exchange those stocks for a diversified portfolio. Investors may benefit from greater diversification by exchanging a concentrated stock position for fund shares without triggering a taxable event. These funds are available only to qualified investors and may only be offered by Financial Advisors who are qualified to sell alternative investments. Before investing, investors should consider the following:
- Dividends are pooled
- Investors may forfeit their stock voting rights
- Investment may be illiquid for several years
- Investments may be leveraged or contain derivatives
- Significant early redemption fees may apply
- Changes to the U.S. tax code, which could be retroactive (potentially disallowing the favorable tax treatment of exchange funds)
- Investment risk and potential loss of principal

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

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**. Some funds also invest in foreign securities, which may involve currency risk. There is no assurance that the fund will achieve its investment objective. **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 appropriate 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. Shares of closed-end funds frequently trade at a discount from their NAV which may increase investors' risk of loss. The risk of loss due to this discount may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering. This characteristic is a risk separate and distinct from the risk that a closed-end fund's net asset value may decrease as a result of investment activities. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases or sells 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.

Structured Investments are complex and not appropriate for all investors. An investment in Structures Investments involve risks. These risks can include but are not limited to: (1) Fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality, (2) Substantial or total loss of principal, (3) Limits on participation in appreciation of underlying instrument, (4) Limited liquidity, (5) Issuer credit risk and (6) Conflicts of Interest. There is no assurance that a strategy of using structured product for wealth preservation, yield enhancement, and/or interest rate risk hedging will meet its objectives.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; and Risks associated with the operations, personnel, and processes of the manager. Further, opinions regarding Alternative Investments expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management.

Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

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 appropriate 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.

<u>Virtual Currency Products (Cryptocurrencies)</u>

Buying, selling, and transacting in Bitcoin, Ethereum or other digital assets ("Digital Assets"), and related funds and products, is highly speculative and may result in a loss of the entire investment. Risks and considerations include but are not limited to:

- Digital Assets have only been in existence for a short period of time and historical trading prices for Digital Assets have been highly volatile. **The price of Digital Assets could decline rapidly, and investors could lose their entire investment.**

- Certain Digital Asset funds and products, allow investors to invest on a more frequent basis than investors may withdraw from the fund or product, and interests in such funds or products are generally not freely transferrable. This means that, particularly given the volatility of Digital Assets, an investor will have to bear any losses with respect to its investment for an extended period of time and will not be able to react to changes in the price of the Digital Asset once invested (for example, by seeking to withdraw) as quickly as when making the decision to invest. Such Digital Asset funds and products, are intended only for persons who are able to bear the economic risk of investment and who do not need liquidity with respect to their investments.

- Given the volatility in the price of Digital Assets, the net asset value of a fund or product that invests in such assets at the time an investor's subscription for interests in the fund or product is accepted may be significantly below or above the net asset value of the product or fund at the time the investor submitted subscription materials.

- Certain Digital Assets are not intended to function as currencies but are intended to have other use cases. These other Digital Assets may be subject to some or all of the risks and considerations set forth herein, as well as additional risks applicable to such Digital Assets. Buyers, sellers and users of such Digital Assets should thoroughly familiarize themselves with such risks and considerations before transacting in such Digital Assets.

- The value of Digital Assets may be negatively impacted by future legal and regulatory developments, including but not limited to increased regulation of such Digital Assets. Any such developments may make such Digital Assets less valuable, impose additional burdens and expenses on a fund or product investing in such assets or impact the ability of such a fund or product to continue to operate, which may materially decrease the value of an investment therein.

- Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance, many significant aspects of the tax treatment of Digital Assets are uncertain. Prospective investors should consult their own tax advisors concerning the tax consequences to them of the purchase, ownership and disposition of Digital Assets, directly or indirectly through a fund or product, under U.S. federal income tax law, as well as the tax law of any relevant state, local or other jurisdiction.

- Over the past several years, certain Digital Asset exchanges have experienced failures or interruptions in service due to fraud, security breaches, operational problems or business failure. Such events in the future could impact any fund's or product's ability to transact in Digital Assets if the fund or product relies on an impacted exchange and may also materially decrease the price of Digital Assets, thereby impacting the value of your investment, regardless of whether the fund or product relies on such an impacted exchange.

- Although any Digital Asset product and its service providers have in place significant safeguards against loss, theft, destruction and inaccessibility, there is nonetheless a risk that some or all of a product's Digital Asset could be permanently lost, stolen, destroyed or inaccessible by virtue of, among other things, the loss or theft of the "private keys" necessary to access a product's Digital Asset.

- Investors in funds or products investing or transacting in Digital Assets may not benefit to the same extent (or at all) from "airdrops" with respect to, or "forks" in, a Digital Asset's blockchain, compared to investors who hold Digital Assets directly instead of through a fund or product. Additionally, a "fork" in the Digital Asset blockchain could materially decrease the price of such Digital Asset.

- Digital Assets are not legal tender, and are not backed by any government, corporation or other identified body, other than with respect to certain digital currencies that certain governments are or may be developing now or in the future. No law requires companies or individuals to accept digital currency as a form of payment (except, potentially, with respect to digital currencies developed by certain governments where such acceptance may be mandated). Instead, other than as described in the preceding sentences, Digital Asset products' use is limited to businesses and individuals that are willing to accept them. If no one were to accept digital currencies, virtual currency products would very likely become worthless.

- Platforms that buy and sell Digital Assets can be hacked, and some have failed. In addition, like the platforms themselves, digital wallets can be hacked, and are subject to theft and fraud. As a result, like other investors have, you can lose some or all of your holdings of Digital Assets.

- Unlike US banks and credit unions that provide certain guarantees of safety to depositors, there are no such safeguards provided to Digital Assets held in digital wallets by their providers or by regulators.

- Due to the anonymity Digital Assets offer, they have known use in illegal activity, including drug dealing, money laundering, human tracking, sanction evasion and other forms of illegal commerce. Abuses could impact legitimate consumers and speculators; for instance, law enforcement agencies could shut down or restrict the use of platforms and exchanges, limiting or shutting of entirely the ability to use or trade Digital Asset products.

- Digital Assets may not have an established track record of credibility and trust. Further, any performance data relating to Digital Asset products may not be verifiable as pricing models are not uniform.

- Investors should be aware of the potentially increased risks of transacting in Digital Assets relating to the risks and considerations, including fraud, theft, and lack of legitimacy, and other aspects and qualities of Digital Assets, before transacting in such assets.

- The exchange rate of virtual currency products versus the USD historically has been very volatile and the exchange rate could drastically decline. For example, the exchange rate of certain Digital

Assets versus the USD has in the past dropped more than 50% in a single day. Other Digital Assets may be affected by such volatility as well.

- Digital Asset exchanges have limited operating and performance histories and are not regulated with the same controls or customer protections available to more traditional exchanges transacting equity, debt, and other assets and securities. There is no assurance that a person/exchange who currently accepts a Digital Asset as payment will continue to do so in the future.

- The regulatory framework of Digital Assets is evolving, and in some cases is uncertain, and Digital Assets themselves may not be governed and protected by applicable securities regulators and securities laws, including, but not limited to, Securities Investor Protection Corporation coverage, or other regulatory regimes.

- Morgan Stanley Smith Barney LLC or its affiliates (collectively, "Morgan Stanley") may currently, or in the future, offer or invest in Digital Asset products, services or platforms. The proprietary interests of Morgan Stanley may conflict with your interests.

- The foregoing list of considerations and risks are not and do not purport to be a complete enumeration or explanation of the risks involved in an investment in any product or fund investing or trading in Digital Assets.

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.

Rebalancing does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

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 an appropriate 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.

To obtain **Tax-Management Services**, a client must complete the Tax-Management Form, and deliver the signed form to Morgan Stanley. For more information on Tax-Management Services,

including its features and limitations, please ask your Financial Advisor for the Tax Management Form. Review the form carefully with your tax advisor. Tax-Management Services: (a) apply only to equity investments in separate account sleeves of client accounts; (b) are not available for all accounts or clients; and (c) may adversely impact account performance. Tax-management services do not constitute tax advice or a complete tax-sensitive investment management program. There is no guarantee that tax-management services will produce the desired tax results.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account ("Retirement Account"), Morgan Stanley is a "fiduciary" as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide "investment advice", Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.

Lifestyle Advisory Services: Products and services are provided by third party service providers, not Morgan Stanley Smith Barney LLC ("Morgan Stanley"). Morgan Stanley may not receive a referral fee or have any input concerning such products or services. There may be additional service providers for comparative purposes. Please perform a thorough due diligence and make your own independent decision.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the

Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to be considered investment advice or a recommendation for either ERISA or Internal Revenue Code purposes and that (unless otherwise provided in a written agreement and/or as described at www.morganstanley.com/disclosures/dol) you remain solely responsible for your assets and all investment decisions with respect to your assets. Nevertheless, if Morgan Stanley or your Financial Advisor provides "investment advice," as that term is defined under Section 3(21) of ERISA, to you with respect to certain retirement, welfare benefit, or education savings account assets for a fee or other compensation, Morgan Stanley and/or your Financial Advisor will be providing such advice in its capacity as a fiduciary under ERISA and/or the Code. Morgan Stanley will only prepare a financial plan at your specific request using Morgan Stanley approved financial planning software.

The Morgan Stanley Goals-Planning System (GPS) includes a brokerage investment analysis tool. While securities held in a client's investment advisory accounts may be included in the analysis, the reports generated from the GPS Platform are not financial plans nor constitute a financial planning service. A financial plan generally seeks to address a wide spectrum of a client's long-term financial needs, and can include recommendations about insurance, savings, tax and estate planning, and investments, taking into consideration the client's goals and situation, including anticipated retirement or other employee benefits. Morgan Stanley Smith Barney LLC ("Morgan Stanley") will only prepare a financial plan at a client's specific request using Morgan Stanley approved financial planning software. Investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions. High volatility investments may be subject to sudden and large falls in value, and there could be a large loss on realization which could be equal to the amount invested. **IMPORTANT**: The projections or other information provided by the Morgan Stanley Goals Planning System regarding the likelihood of various investment outcomes (including any assumed rates of return and income) are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Morgan Stanley does not represent or guarantee that the projected returns or income will or can be attained.

A LifeView Financial Goal Analysis ("Financial Goal Analysis") or LifeView Financial Plan ("Financial Plan") is based on the methodology, estimates, and assumptions, as described in your report, as well as personal data provided by you. It should be considered a working document that can assist you with your objectives. Morgan Stanley makes no guarantees as to future results or that an individual's investment objectives will be achieved. The responsibility for implementing, monitoring and adjusting your Financial Goal Analysis or Financial Plan rests with you. After your Financial Advisor delivers your report to you, if you so desire, your Financial Advisor can help you implement any part that you choose; however, you are not obligated to work with your Financial Advisor or Morgan Stanley.

Important information about your relationship with your Financial Advisor and Morgan Stanley Smith Barney LLC when using LifeView Goal Analysis or LifeView Advisor. When your Financial Advisor prepares and delivers a Financial Goal Analysis (i.e., when using LifeView Goal Analysis), they will be acting in a brokerage capacity. When your Financial Advisor prepares a Financial Plan (i.e., when using LifeView Advisor), they will be acting in an investment advisory capacity with respect to the delivery of your Financial Plan. This Investment Advisory relationship will begin with the delivery of the Financial Plan and ends thirty days later, during which time your Financial Advisor can review the Financial Plan with you. To understand the differences between brokerage and advisory relationships, you should consult your Financial Advisor, or review our "Understanding Your Brokerage and Investment Advisory Relationships," brochure available at https://www.morganstanley.com/wealth-relationshipwithms/pdfs/understandingyourrelationship.pdf

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 Financial Advisor or 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 Financial Advisor or Private Wealth Advisor, may vary by product and over time.

Investment and services offered through Morgan Stanley Smith Barney LLC, Member SIPC.

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 appropriate 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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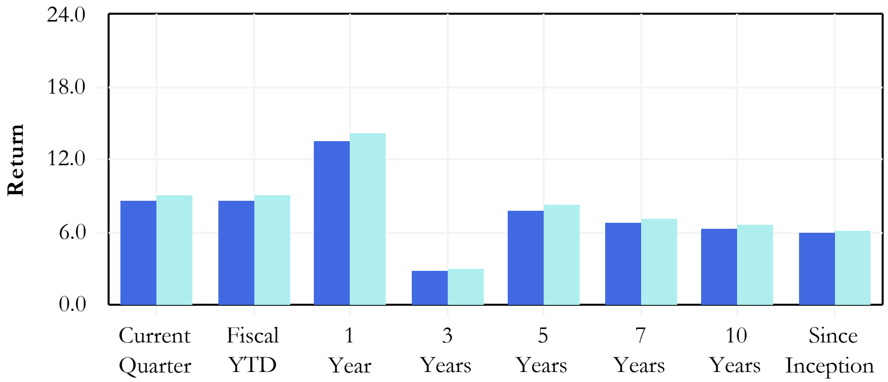
Village of Bal Harbour

Total Fund - Executive Summary

as of December 31, 2023

Manager Performance Chart



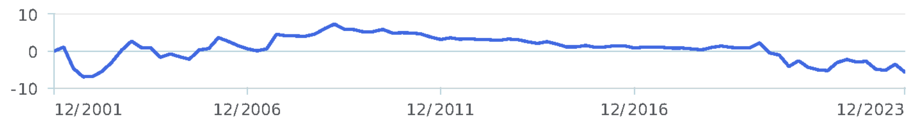
Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 01/01/2002
Total Fund	8.63	8.63	13.50	2.83	7.83	6.76	6.21	5.98
Policy Index	9.17	9.17	14.30	2.94	8.26	7.05	6.54	6.05
Differences	-0.54	-0.54	-0.80	-0.11	-0.43	-0.29	-0.33	-0.07

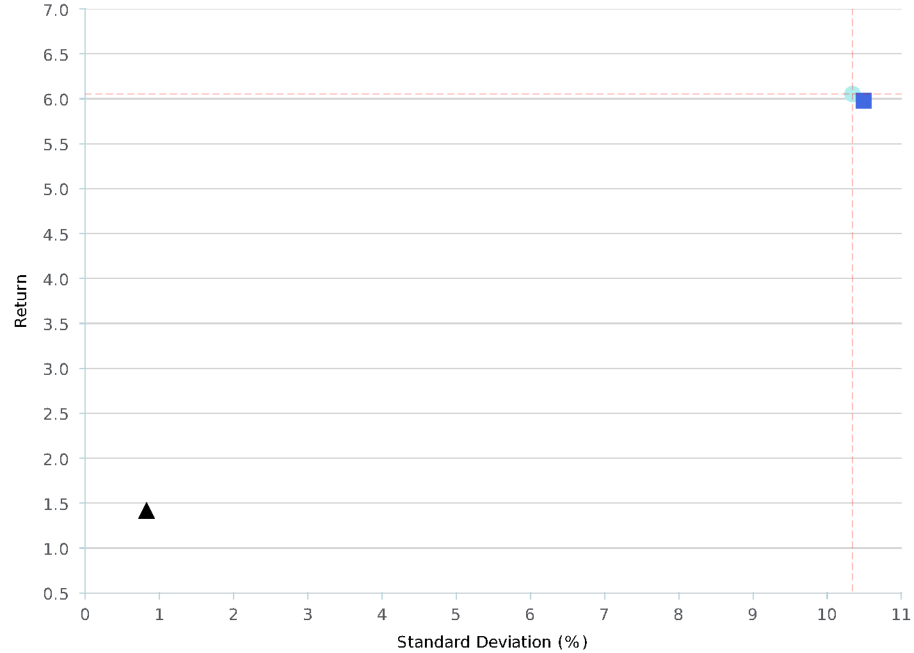
	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Total Fund							
Beginning Market Value	19,228	19,228	19,078	18,810	13,432	11,985	9,607
Net Contributions	1,424	1,424	721	1,772	2,512	3,006	3,903
Fees/Expenses	-	-	-1	-11	-26	-26	-26
Income	63	63	116	121	143	143	143
Gain/Loss	1,741	1,741	2,543	1,764	6,396	7,349	8,830
Ending Market Value	22,457	22,457	22,457	22,457	22,457	22,457	22,457

Manager Performance
January 2002 - December 2023

Cumulative Excess Return vs. Benchmark



Risk / Return
January 2002 - December 2023



Risk & Return Measurements
January 2002 - December 2023

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Total Fund	5.98	(0.08)	10.49	0.99	(25.46)	100.72	102.36	0.01	0.43	95.06
Policy Index	6.05	0.00	10.34	1.00	(28.22)	100.00	100.00	0.00	0.45	100.00

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Village of Bal Harbour

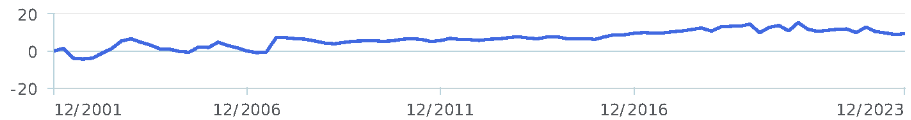
Combined Equity - Risk / Return Analysis

as of December 31, 2023

Manager Performance

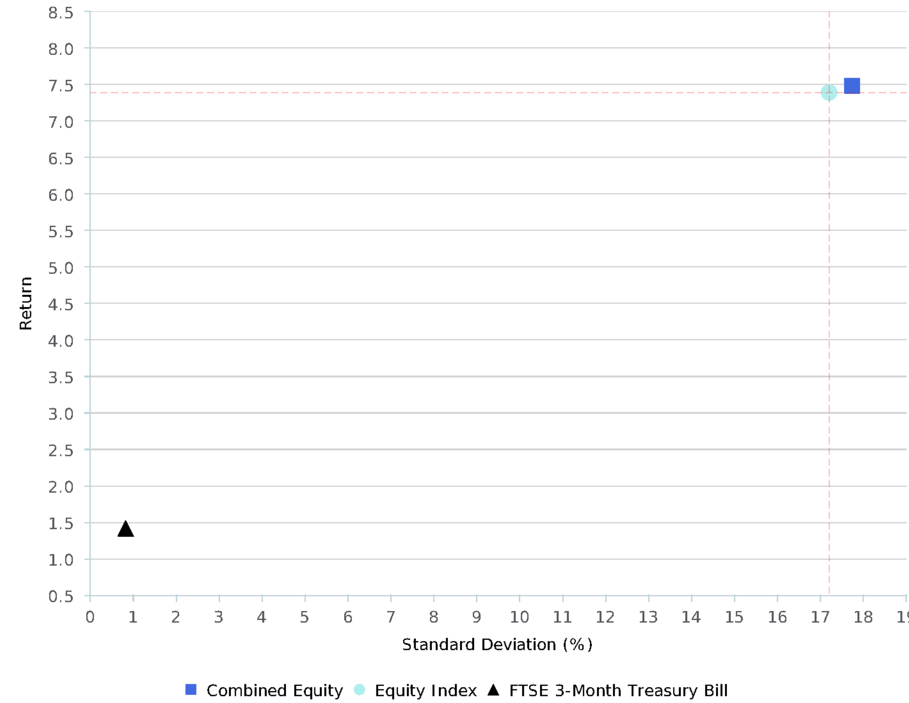
January 2002 - December 2023

Cumulative Excess Return vs. Benchmark



Risk / Return

January 2002 - December 2023



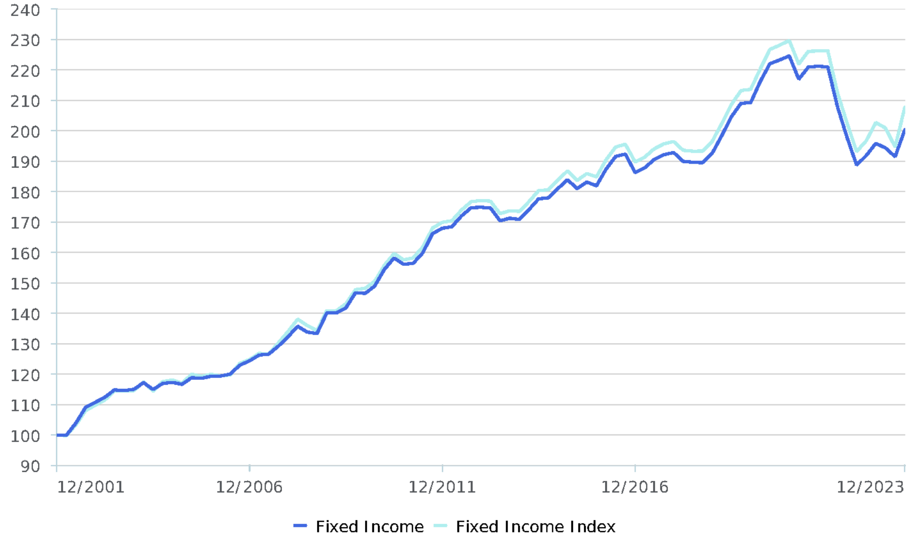
Risk & Return Measurements

January 2002 - December 2023

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Combined Equity	7.48	0.09	17.73	1.02	(45.80)	102.95	102.96	0.01	0.34	97.96
Equity Index	7.39	0.00	17.20	1.00	(45.80)	100.00	100.00	0.00	0.35	100.00

Manager Performance

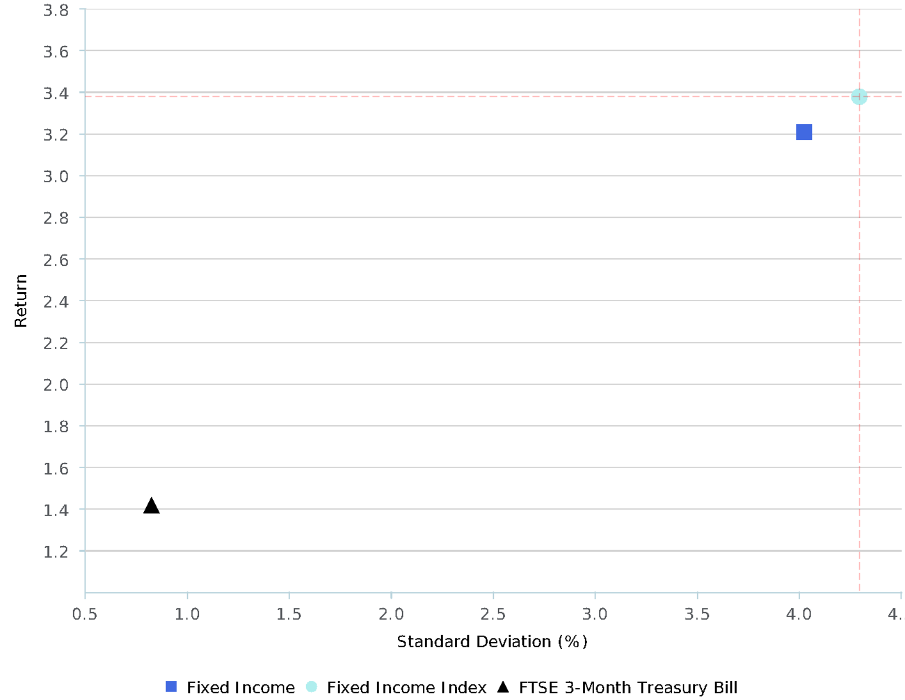
January 2002 - December 2023



Cumulative Excess Return vs. Benchmark

Risk / Return

January 2002 - December 2023



Risk & Return Measurements

January 2002 - December 2023

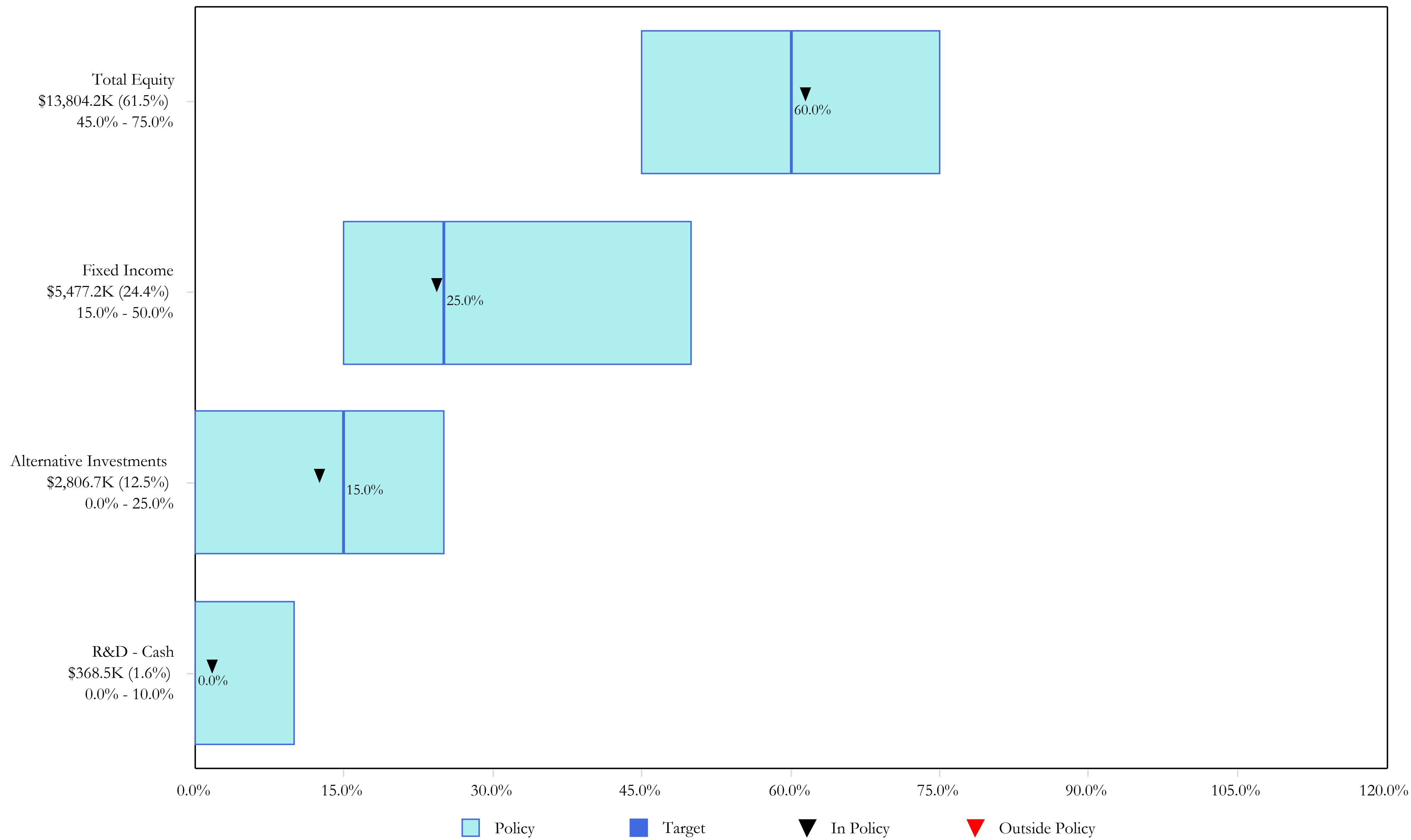
	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Fixed Income	3.21	(0.17)	4.02	0.92	(15.97)	92.68	89.52	0.10	0.45	96.46
Fixed Income Index	3.38	0.00	4.29	1.00	(15.88)	100.00	100.00	0.00	0.46	100.00

Village of Bal Harbour

Asset Allocation Compliance

as of December 31, 2023

Executive Summary



Graystone Consulting
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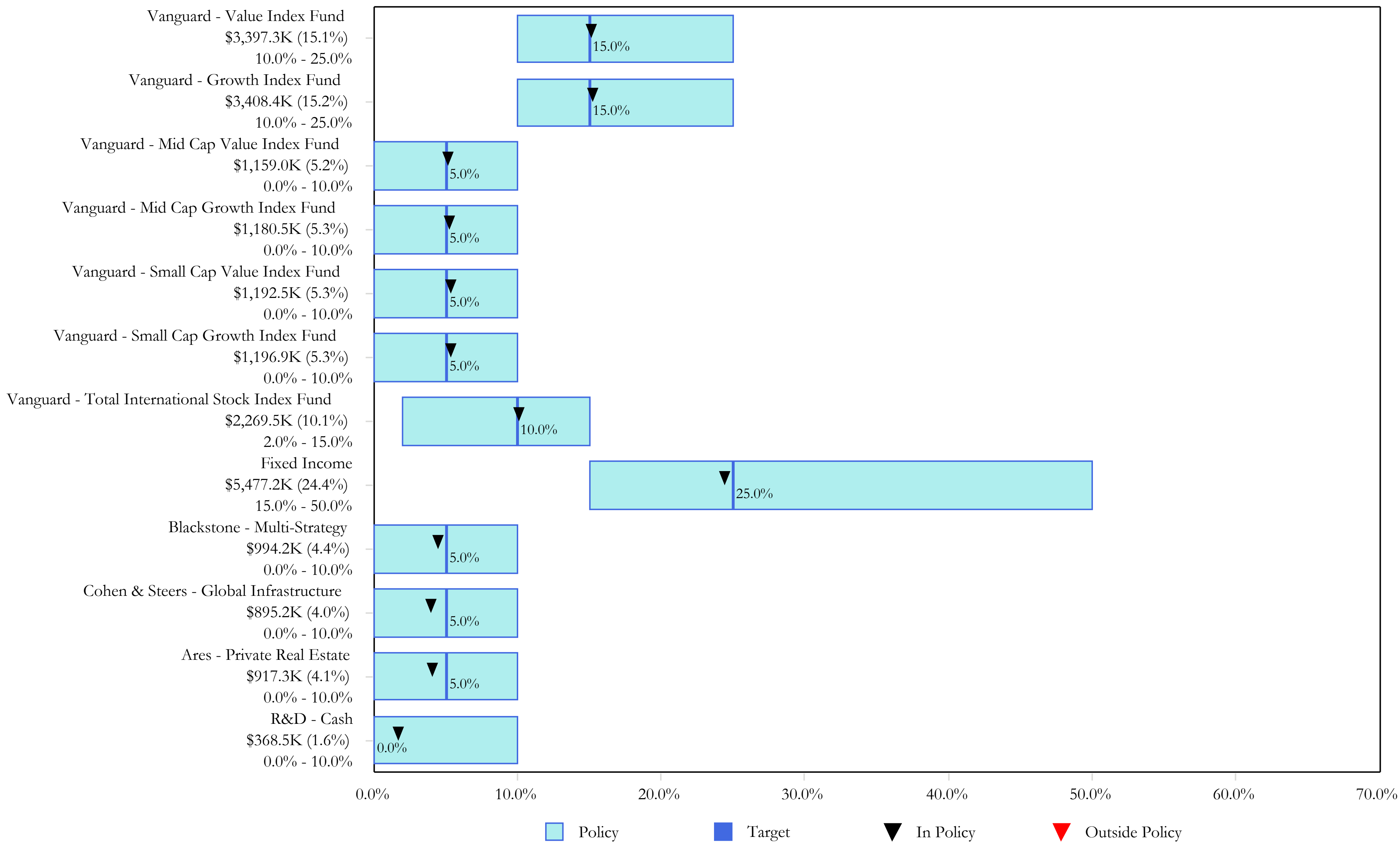
Village of Bal Harbour

Asset Allocation Compliance

as of December 31, 2023

Executive Summary



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Village of Bal Harbour
Asset Allocation & Time Weighted Performance
as of December 31, 2023

	Allocation		Performance(%)								
	Market Value ($)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Fund	22,456,612	100.00	8.63	8.63	13.50	2.83	7.83	6.76	6.21	5.98	01/01/2002
Total Fund (net)			8.63	8.63	13.50	2.81	7.76	6.66	6.09	5.74	
Policy Index			9.17	9.17	14.30	2.94	8.26	7.05	6.54	6.05	
Equities											
Vanguard - Value Index Fund	3,397,255	15.13	9.02	9.02	9.14	N/A	N/A	N/A	N/A	4.97	06/01/2021
Vanguard - Value Index Fund (net)			9.02	9.02	9.14	N/A	N/A	N/A	N/A	4.97	
CRSP Lg VL			9.01	9.01	9.17	N/A	N/A	N/A	N/A	5.36	
Vanguard - Growth Index Fund	3,408,419	15.18	14.37	14.37	46.80	N/A	N/A	N/A	N/A	6.09	06/01/2021
Vanguard - Growth Index Fund (net)			14.37	14.37	46.80	N/A	N/A	N/A	N/A	6.09	
CRSP Lg Cap Gr			14.42	14.42	46.86	N/A	N/A	N/A	N/A	6.21	
Vanguard - Mid Cap Value Index Fund	1,159,036	5.16	11.35	11.35	9.61	N/A	N/A	N/A	N/A	2.42	06/01/2021
Vanguard - Mid Cap Value Index Fund (net)			11.35	11.35	9.61	N/A	N/A	N/A	N/A	2.42	
CRSP MC VL			11.52	11.52	9.78	N/A	N/A	N/A	N/A	2.72	
Vanguard - Mid Cap Growth Index Fund	1,180,477	5.26	12.99	12.99	23.00	N/A	N/A	N/A	N/A	-0.25	06/01/2021
Vanguard - Mid Cap Growth Index Fund (net)			12.99	12.99	23.00	N/A	N/A	N/A	N/A	-0.25	
CRSP MID Cap Gr			13.13	13.13	23.21	N/A	N/A	N/A	N/A	-0.02	
Vanguard - Small Cap Value Index Fund	1,192,509	5.31	13.63	13.63	15.99	N/A	N/A	N/A	N/A	3.21	06/01/2021
Vanguard - Small Cap Value Index Fund (net)			13.63	13.63	15.99	N/A	N/A	N/A	N/A	3.21	
CRSP SM VL			13.63	13.63	15.91	N/A	N/A	N/A	N/A	3.17	
Vanguard - Small Cap Growth Index Fund	1,196,935	5.33	12.96	12.96	21.24	N/A	N/A	N/A	N/A	-4.61	06/01/2021
Vanguard - Small Cap Growth Index Fund (net)			12.96	12.96	21.24	N/A	N/A	N/A	N/A	-4.61	
CRSP SM GR			13.12	13.12	21.28	N/A	N/A	N/A	N/A	-4.58	
Vanguard - Total International Stock Index Fund	2,269,518	10.11	9.59	9.59	15.12	N/A	N/A	N/A	N/A	-2.07	06/01/2021
Vanguard - Total International Stock Index Fund (net)			9.59	9.59	15.12	N/A	N/A	N/A	N/A	-2.07	
FTSE Global All Cap x US			9.82	9.82	16.17	N/A	N/A	N/A	N/A	-1.36	

Village of Bal Harbour

Asset Allocation & Time Weighted Performance

as of December 31, 2023

	Allocation		Performance(%)									
	Market Value ($)	%	Quarter To Date	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Fixed Income											
Vanguard - Short-Term Bond Index	2,500,429	11.13	3.14	3.14	N/A	N/A	N/A	N/A	N/A	4.58	03/01/2023
Vanguard - Short-Term Bond Index (net)			3.14	3.14	N/A	N/A	N/A	N/A	N/A	4.58	
BBgBarc US 1-5Y GovCredit			3.44	3.44	N/A	N/A	N/A	N/A	N/A	4.90	
Vanguard - Total Bond Market Index Fund	2,801,806	12.48	6.36	6.36	4.61	N/A	N/A	N/A	N/A	-3.45	06/01/2021
Vanguard - Total Bond Market Index Fund (net)			6.36	6.36	4.61	N/A	N/A	N/A	N/A	-3.45	
BB US Agg - Float Adjusted TR			6.72	6.72	5.59	N/A	N/A	N/A	N/A	-2.94	
Israel Bonds	175,000	0.78	0.00	0.00	N/A	N/A	N/A	N/A	N/A	0.00	04/01/2023
Israel Bonds (net)			0.00	0.00	N/A	N/A	N/A	N/A	N/A	0.00	
90-Day T-Bills			1.40	1.40	N/A	N/A	N/A	N/A	N/A	4.09	
Alternative Investments											
Blackstone - Multi-Strategy	994,231	4.43	3.39	3.39	8.02	N/A	N/A	N/A	N/A	3.95	06/01/2022
Blackstone - Multi-Strategy (net)			3.39	3.39	8.02	N/A	N/A	N/A	N/A	3.95	
HFRX Global Hedge Fund			1.70	1.70	3.10	N/A	N/A	N/A	N/A	1.22	
Cohen & Steers - Global Infrastructure	895,193	3.99	11.79	11.79	2.39	N/A	N/A	N/A	N/A	-2.48	06/01/2022
Cohen & Steers - Global Infrastructure (net)			11.79	11.79	2.39	N/A	N/A	N/A	N/A	-2.48	
DJ Brookfield Gbl Infra Comp TR			11.19	11.19	6.23	N/A	N/A	N/A	N/A	-2.40	
Ares - Private Real Estate	917,294	4.08	-1.27	-1.27	-3.86	N/A	N/A	N/A	N/A	-1.65	07/01/2022
Ares - Private Real Estate (net)			-1.30	-1.30	-3.96	N/A	N/A	N/A	N/A	-1.74	
NCREIF NFI ODCE Value Weighted			-4.83	-4.83	-12.02	N/A	N/A	N/A	N/A	-10.94	
NCREIF NFI ODCE (Net)			-4.95	-4.95	-12.74	N/A	N/A	N/A	N/A	-11.68	
Bloomberg US Aggregate			6.82	6.82	5.53	N/A	N/A	N/A	N/A	1.59	
Cash & Equivalents											
R&D - Cash	368,508	1.64	1.35	1.35	4.11	1.81	N/A	N/A	N/A	1.49	04/30/2020
FTSE Treasury Bill 3 Month			1.40	1.40	5.26	2.25	N/A	N/A	N/A	1.86	

Graystone Consulting from Morgan Stanley

Village of Bal Harbour

Policy Index History

As of December 31, 2023

Policy Index	Weight (%)
Jan-2002	
BB US Intermediate Gov/Cr	50.00
S&P 500 Total Return	50.00
Apr-2006	
BB US Intermediate Gov/Cr	40.00
S&P 500 Total Return	45.00
S&P 400 Midcap TR	5.00
Russell 2000	5.00
MSCI EAFE	5.00
Jan-2008	
BB US Intermediate Gov/Cr	36.50
S&P 500 Total Return	53.70
S&P 400 Midcap TR	2.40
Russell 2000	1.50
MSCI EAFE	3.00
FTSE Treasury Bill 3 Month	2.90
Apr-2010	
Bloomberg US Aggregate	35.00
S&P 500 Total Return	30.00
S&P 400 Midcap TR	10.00
Russell 2000	10.00
MSCI EAFE	7.00
FTSE Treasury Bill 3 Month	5.00
MSCI EM (Gross)	3.00

Policy Index	Weight (%)
Jun-2021	
CRSP Lg VL	17.50
CRSP Lg Cap Gr	17.50
CRSP MC VL	5.00
CRSP MID Cap Gr	5.00
CRSP SM VL	5.00
CRSP SM GR	5.00
FTSE Global All Cap x US	10.00
BB US Agg - Float Adjusted TR	35.00
Jun-2022	
CRSP Lg VL	15.00
CRSP Lg Cap Gr	15.00
CRSP MC VL	5.00
CRSP MID Cap Gr	5.00
CRSP SM VL	5.00
CRSP SM GR	5.00
FTSE Global All Cap x US	10.00
BB US Agg - Float Adjusted TR	25.00
HFRX Global Hedge Fund	5.00
DJ Brookfield Gbl Infra Comp TR	5.00
NCREIF NFI ODCE Value Weighted	5.00

Important Notes About This Report

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 OR SELECT UMA: Each investment manager included in this report that participates in one or more of the Consulting and Evaluation 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 Select UMA program (if that investment manager was in the Select UMA 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 Select UMA 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).

Morgan Stanley Smith Barney LLC offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program. Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on a client's specific investment objectives and financial position, may not be appropriate for the client. Please see the applicable program disclosure document for more information, available at www.morganstanley.com/ADV or from your Financial Advisor.

The investment management services of Morgan Stanley Smith Barney LLC and investment vehicles managed by Morgan Stanley Smith Barney LLC or its affiliates are not guaranteed and could result in the loss of value to your account. You should note that investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions.

Important Notes About This Report (Cont'd)

Generally, investment advisory accounts are subject to an annual asset-based fee (the "Fee") which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor.

In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a Platform Fee (which is subject to a Platform Fee offset) as described in the applicable ADV brochure. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at www.morganstanley.com/ADV.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instance, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at:
http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf
www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf. For more information on trading and costs, please refer to the ADV Brochure for your program(s), available at www.morganstanley.com/ADV, or contact your Financial Advisor / Private Wealth Advisor.

Important Notes About This Report (Cont'd)

There may be differences between the performance in the different forms of the Select UMA 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 Consulting and Evaluation 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 OTHER INVESTMENT MANAGERS: For any investment managers shown in this report that are not available in the Consulting and Evaluation 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.

Important Notes About This Report (Cont'd)

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 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.

Important Notes About This Report (Cont'd)

If you invest in a manager or fund that is not approved by Morgan Stanley Wealth Management, you are responsible for selecting and/or retaining that manager or fund, and Morgan Stanley Wealth Management does not recommend or monitor that manager or fund. For more information on the approval process in any program, see the applicable ADV brochure, available at www.MorganStanley.com/ADV or from your Financial Advisor or Private Wealth Advisor. If you have any questions about whether or how Morgan Stanley Wealth Management has approved a manager or fund shown in this report, please ask our Financial Advisor or Private Wealth Advisor.

SHARE CLASSES OF FUNDS SHOWN IN THIS REPORT: The share class of a fund shown in this report may differ from the share class available in any Morgan Stanley Wealth Management investment advisory program in which you invest. The performance of the share class in which you invest may differ from that of the share class shown in this report.

REINVESTMENT: The performance results shown in this report assume that all dividends, accrued income and capital gains were reinvested.

SOURCES OF INFORMATION: Although the statements of fact in this report have been obtained from, and are based on, sources that Morgan Stanley believes to be reliable, Morgan Stanley makes no representation as to the accuracy or completeness of the information from sources outside Morgan Stanley. Any such information may be incomplete and you should not use it as the sole basis for investment decisions.

It is important to consider a fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund. A copy of the prospectus may be obtained from your Financial Advisor or Private Wealth Advisor. Please read the prospectus carefully before investing in the fund.

Important Notes About This Report (Cont'd)

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.

Important Notes About This Report (Cont'd)

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.

Important Notes About This Report (Cont'd)

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.

Glossary

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.

Glossary (Cont'd)

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

Glossary (Cont'd)

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 that 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.

Glossary (Cont'd)

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.

Glossary (Cont’d)

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.

Glossary (Cont'd)

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.

Performance Appendix

Performance Data below is net of fees. Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Account Name	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Ares - Private Real Estate	-1.30	-3.96	-3.96	--	--	--	--	04/22/2022
Blackstone - Multi-Strategy	3.39	8.02	8.02	--	--	--	4.34	05/25/2022
Cohen & Steers - Global Infrastructure	11.79	2.39	2.39	--	--	--	-2.01	05/27/2022
Israel Bonds	0.00	--	--	--	--	--	0.00	03/31/2023
R&D - Cash	1.35	4.11	4.11	0.76	--	--	-0.17	04/30/2020
Vanguard - Growth Index Fund	14.37	46.80	46.80	--	--	--	5.95	05/28/2021
Vanguard - Mid Cap Growth Index Fund	12.99	23.00	23.00	--	--	--	-0.14	05/28/2021
Vanguard - Mid Cap Value Index Fund	11.35	9.61	9.61	--	--	--	2.35	05/28/2021
Vanguard - Short-Term Bond Index	3.14	--	--	--	--	--	4.58	02/28/2023
Vanguard - Small Cap Growth Index Fund	12.96	21.24	21.24	--	--	--	-4.45	05/28/2021
Vanguard - Small Cap Value Index Fund	13.63	15.99	15.99	--	--	--	3.08	05/28/2021
Vanguard - Total Bond Market Index Fund	6.36	4.61	4.61	--	--	--	-3.32	05/28/2021
Vanguard - Total International Stock Index Fund	9.59	15.12	15.12	--	--	--	-1.90	05/28/2021
Vanguard - Value Index Fund	9.02	9.14	9.14	--	--	--	4.82	05/28/2021

All performance above are Time Weighted(TWR) performance

Information Disclosures

Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Past performance is not a guarantee of future results.

Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). Indices are unmanaged and not available for direct investment. Index returns do not take into account fees or other charges. Such fees and charges would reduce performance.

The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the funds' company website.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.

The information and data contained therein are from sources considered reliable, but their accuracy and completeness is not guaranteed; that the report has been prepared for illustrative purposes only and is not intended to be used as a substitute for account statements provided on a regular basis from Morgan Stanley Smith Barney LLC; that data in this report should be compared carefully with account statements to verify its accuracy; and that the Firm strongly encourages clients to consult with their own accountants or other advisors with respect to any tax questions. This report is being provided as a courtesy. By providing this report, we do not represent or agree that we will monitor the investments in your account(s) or deliver future reports.

If Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" as defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"),and/or the Internal Revenue Code of 1986 (the "Code"), as applicable, regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account (collectively, "Retirement Account"), Morgan Stanley is a "fiduciary" under ERISA and/or the Code. When Morgan Stanley provides investment education (including historical performance and asset allocation models), takes orders on an unsolicited basis or otherwise does not provide "investment advice", Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.

Composites are the aggregate of multiple portfolios within an asset pool.

Investing involves market risk, including possible loss of principal. **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** involves the risk that the market may not recognize that securities are undervalued, and they may not appreciate as anticipated. **Small and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. **Bond funds** and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. **International securities'** prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. **Alternative investments**, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or\other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. **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; and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

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

High yield fixed income securities, also known as "junk bonds", are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer's creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor's, Moody's and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch's classification (the equivalent of Aaa and C, respectively, by Moody(s). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody's) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as "NR".

Money Market Funds

You could lose money in Money Market Funds. Although MMFs classified as government funds (i.e., MMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S government) and retail funds (i.e., MMFs open to natural person investors only) seek to preserve value at $1.00 per share, they cannot guarantee they will do so. The price of other MMFs will fluctuate and when you sell shares they may be worth more or less than originally paid. MMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A MMF investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency.

"Alpha tilt strategies comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance."

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a clients investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups
https://www.invmetrics.com/style-peer-groups

Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

Your interests in Alternative Investments, which may have been purchased through us, are generally not held here, and are generally not covered by SIPC. The information provided to you: 1) is included as a service to you, valuations for certain products may not be available; 2) is derived from you or another external source for which we are not responsible, and may have been modified to take into consideration capital calls or distributions to the extent applicable; 3) may not reflect actual shares, share prices or values; 4) may include invested or distributed amounts in addition to a fair value estimate; and 5) should not be relied upon for tax reporting purposes. Notwithstanding the foregoing,

1) to the extent this report displays Alternative Investment positions within a Morgan Stanley Individual Retirement Account ("IRA"), such positions are held by Morgan Stanley Smith Barney LLC as the custodian of your Morgan Stanley IRA; and 2) if your Alternative Investment position(s) is held by us and is registered pursuant to the Securities Act of 1933, as amended, your Alternative Investment position(s) is covered by SIPC.

Alternatives may be either traditional alternative investment vehicles or non-traditional alternative strategy vehicles. Traditional alternative investment vehicles may include, but are not limited to, Hedge Funds, Fund of Funds (both registered and unregistered), Exchange Funds, Private Equity Funds, Private Credit Funds, Real Estate Funds, and Managed Futures Funds. Non-traditional alternative strategy vehicles may include, but are not limited to, Open or Closed End Mutual Funds, Exchange-Traded and Closed-End Funds, Unit Investment Trusts, exchange listed Real Estate Investment Trusts (REITs), and Master Limited Partnerships (MLPs). These non-traditional alternative strategy vehicles also seek alternative-like exposure but have significant differences from traditional alternative investment vehicles. Non-traditional alternative strategy vehicles may behave like, have characteristics of, or 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. Characteristics such as correlation to traditional markets, investment strategy, and market sector exposure can play a role in the classification of a traditional security being classified as alternative.

Traditional alternative investment vehicles are illiquid and usually are not valued daily. The estimated valuation provided will be as of the most recent date available and will be included in summaries of your assets. Such valuation may not be the most recent provided by the fund in which you are invested. No representation is made that the valuation is a market value or that the interest could be liquidated at this value. We are not required to take any action with respect to your investment unless valid instructions are received from you in a timely manner. Some positions reflected herein may not represent interests in the fund, but rather redemption proceeds withheld by the issuer pending final valuations which are not subject to the investment performance of the fund and may or may not accrue interest for the length of the withholding. Morgan Stanley does not engage in an independent valuation of your alternative investment assets. Morgan Stanley provides periodic information to you including the market value of an alternative investment vehicle based on information received from the management entity of the alternative investment vehicle or another service provider.

Traditional alternative investment vehicles often are speculative and include a high degree of risk. . Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to:• Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;• Lack of liquidity in that there may be no secondary market for a fund;• Volatility of returns;• Restrictions on transferring interests in a fund;• Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;• Absence of information regarding valuations and pricing;• Complex tax structures and delays in tax reporting;• Less regulation and higher fees than mutual funds; and• Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank

SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments.

Indices are unmanaged and investors cannot directly invest in them. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Diversification does not assure a profit or protect against loss in a declining market. Any performance or related information presented has not been adjusted to reflect the impact of any the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of $100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately $115,762.50 without the fees and $107,372.63 with the fees. Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at www.morganstanley.com/ADV or from your Financial Advisor/Private Wealth Advisor.

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Village of Bal Harbour General Employees' Pension Plan

STATEMENT OF INVESTMENT POLICY

December 2023

I. Introduction.

The Village of Bal Harbour General Employees' Pension Plan (the "Fund") is a defined benefit plan established by Ordinance of the Village of Bal Harbour to provide retirement benefits for its employees. The Village of Bal Harbour is the "plan sponsor". The Fund is administered by the Village of Bal Harbour General Employees' Pension Plan Board of Trustees, which has the fiduciary responsibility for the Fund's administration, investment of its assets, and the management of its operations. The purpose of the Fund is to provide retirement, disability, termination, and death benefits to participants in accordance with the express provisions of the Plan. In recognition of its responsibility, the Board has adopted this Statement of Investment Policy (the "Policy").

II. Purpose.

A. The purpose of this Policy is to establish and communicate a clear understanding of the objectives and guidelines established by the Board regarding the investment and administration of the Fund's assets. It is intended to provide the Board, the Fund's Treasurer, the Fund Administrator and investment staff, the investment consultant, the investment managers, and the custodian bank a clear and accurate understanding of all investment objectives, investment policies, guidelines and limitations.

B. It is the intention of the Board that this Policy be designed to allow sufficient flexibility in the investment oversight process in order to capture appropriate investment opportunities, ensure adequate capital and liquidity is available to pay benefits and expenses when due, establish a meaningful basis to evaluate effectiveness of investment strategy, and set reasonable parameters to manage risk in the investment of Fund assets.

C. This Policy shall be adhered to by the Board, the Fund's staff and the Fund's service providers unless otherwise approved in writing by the Board.

D. The Board shall review this Policy with the Investment Consultant and others as needed and may periodically amend this Policy to assure its provisions remain relevant and accurately guides the Fund's investment process.

III. Governing Law and Fiduciary Standards.

A. Investment in the Fund's assets is subject to Chapter 18615, Laws of Florida, Acts of 1937, as amended; Sections 175.071, 185.06, 112.661, 215.47 and 518.11 of the Florida Statutes, any judicial rulings pertaining to any of the above, and any ordinances or rules promulgated thereunder.

B. Funding of the Fund is subject to Section 112.64(6) of the Florida Statutes. Section 112.64(6) authorized the application of proceeds of a Pension Liability Surtax to reduce the unfunded liability of the Fund.

C. This Policy is intended to complement applicable governing law; if at any time this Policy is found to be in conflict with such governing law, the applicable governing law shall prevail.

D. The Board acknowledges its fiduciary responsibilities as articulated in Section 112.656, Florida Statutes. Further, although the Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") does not apply to the Fund as a governmental retirement plan, in accordance with F.S. 112.661(4), it hereby also incorporates the fiduciary provisions of the Employee Retirement Income Security Act ("ERISA"), as amended, at 29 U.S.C. s. 1104(a)(1)(A)-(C), such that the Board, the Fund's staff and the Fund's service providers shall discharge their responsibilities in the same manner as if the Fund were governed by the aforementioned fiduciary responsibilities of ERISA.

E. The Board is governed by the "Prudent Investor Rule," which is codified in Section 518.11, Florida Statutes.

F. The Board and its investment managers shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Section 112.662.

1. <u>Definition of pecuniary factor</u>: The term "pecuniary factor" is defined as a factor that an investment fiduciary "prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with the investment objectives and funding policy of the retirement system. The term does not include the consideration of the furtherance of any social, political, or ideological interests." [112.662(1)]

2. <u>Exclusive consideration of pecuniary factors</u>: Only pecuniary factors may be considered and the interests of the participants and beneficiaries of the system may not be subordinated to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns. [112.662(2)]

3. <u>Proxy voting</u>: Only pecuniary factors may be considered when voting proxies. [112.662(3)]

IV. Responsibilities and Duties.

A. The Board, the Fund's staff and the Fund's service providers under contract to the Fund shall exercise judgment with the care, skill, and diligence under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of institutional investment portfolios entrusted to it; not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

B. Board. The Board has responsibility for the administration and management of the Fund. In addition, the Board has sole authority and responsibility for the investment of Fund assets. Members of the Board are fiduciaries of the Fund. Board duties include, but not limited to:

1. Comply with all applicable fiduciary and ethical training requirements;

2. Comply with all applicable periodic public disclosure requirements;

3. Approve a Statement of Investment Policy and provide direction in the implementation of such Policy; however, the Board delegates to the Fund's Administrator the responsibility for the implementation and administrative oversight of such Policy;

4. Nothing shall prohibit the Board from immediately removing any investment manager, custodian, investment consultant or other financial advisor when, in the opinion of the Board, such action is necessary to safeguard the Fund from loss.

5. Approve permitted asset classes, target asset allocation and permissible ranges, manager allocations, and asset rebalancing after consideration of advice and recommendations related thereto;

6. Monitor the Fund's investment program including regular review of investment performance, effectiveness of investment strategy in the achievement of objectives, investment costs, and regulatory compliance;

7. Review and approve as necessary any actuarial valuation, assumptions, funding, liability projections, or other actuarial-related information;

8. Review and approve as necessary any audits;

9. Establish general administrative rules and procedures for the effective and efficient administration of the Fund's operations; and

10. Periodically review this Policy.

C. Fund Administrator. The Fund Administrator is responsible for implementation of the Policy along with all other Board guidance and directives. The Administrator's duties include, but not limited to:

1. Manage and direct all administrative, personnel, budgeting and support functions;

2. Provide the Board with monthly and quarterly reports regarding administration of the Fund and investment of Fund assets including those of the investment consultant;

3. Develop a system of internal controls to safeguard Fund assets; and

4. All other duties as directed by the Board.

D. Investment Consultant. The investment consultant's responsibility is to provide investment advice and recommendations to the Board and assist the Fund Administrator and staff in the implementation of this Policy, Board directives, and management of the investment process. This includes meeting regularly with the Board to provide information, market perspective, and evaluation as to the Fund's objectives, investment policies, investment structure and investment performance as part of the overall development, implementation and monitoring of a diversified investment portfolio. The investment consultant shall be a Registered Investment Adviser under the Investment Advisers act of 1940, as amended, and shall be a fiduciary with regard to its investment advice and recommendations. Investment consultant duties include, but are not limited to:

1. Recommend appropriate actions which will enhance the probability of achieving Fund objectives and mitigate risk, including use of various asset classes, implementation of investment strategy, changes in investment policy, and changes in investment managers or other service providers;

2. Assist the Board in developing appropriate asset mixes through the development of regular asset-liability studies and asset allocation reviews;

3. Assist the Board in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies;

4. Recommend to the Board rebalancing actions necessary to meet liquidity needs, take advantage of market opportunities or to protect capital;

5. Provide comprehensive and regular evaluations of the investment results of the Fund and its individual asset managers in light of this Policy;

6. Notify the Board of changes in the structure, personnel, ownership, or process of managers serving the Fund and recommend corrective action when necessary;

7. Conduct searches for investment managers and other service providers as necessary and making recommendations for such positions;

8. Disclosing potential conflicts of interest as they become known;

9. Providing ad hoc investment research and other support as may be necessary to support the board's educational and informational needs;

10. Monitor compliance with this Policy by all investment managers;

11. Provide advice with respect to transitions from terminated investment managers to replacement managers;

12. Monitor the custodian with respect to its functions and make recommendations with respect to custodial services;

13. Monitor any securities lending program implemented by the Board and make recommendations as necessary;

14. Negotiate, monitor and report investment management fees to the Board and offer recommendations for improvement thereon; and

15. Review annually this Policy and recommend any necessary changes to the Board.

16. The Investment Consultant will provide Investment Managers for consideration who invest only based on pecuniary factors as defined by Florida Statutes § 112.662.

E. Investment Managers. The Board shall select with the assistance and advice of the Investment Consultant competent, experienced professional investment managers to manage Fund assets. All investment managers shall be Registered Investment Advisers under the Investment Advisers Act of 1940, as amended, unless exempt from such registration and specifically permitted by the Board. The Board delegates to its investment manager's full investment discretion regarding all assets placed under their control. Subject to this Policy, investment managers have full authority to manage assets, including the purchase, retention, and sale of securities in amounts and proportions that are reflective of the investment manager's respective investment strategies. The investment managers' acceptance of responsibility to manage Fund assets will constitute an acceptance of this Policy. The duties of investment managers include but are not limited to:

1. Invest Fund assets according to this Policy, and the investment discipline, mandate or style for which the manager was retained;

2. Inform the Board and investment consultant on a timely basis of: significant changes in investment strategy or asset allocation; significant changes in ownership, organizational structure, financial condition or professional staffing of the firm or investment product utilized; deviations from this Policy or the need therefore; and any regulatory actions, investigations, significant trading errors, or lawsuits alleging breach of fiduciary duty.

3. Meet with the Board, or investment consultant as needed in person or via teleconference to review: firm developments, investment performance, performance attribution, portfolio structure and investment/market outlook;

F. Custodian. The Board shall retain a qualified, third-party, custodian bank or trust company responsible for the custody, trade settlement, valuation, and accounting of Fund assets. The duties of the custodian include but are not limited to:

1. Custody of all Fund assets under a trust or custodial arrangement; collect all income, dividends and principal realizable and properly reporting same;
2. Provide the Fund, investment consultant and investment manager monthly reports of all Fund assets based on fair market value, a listing of all transactions, and accounting of all assets along with consolidated annual reports;
3. Settle all purchases and sales of securities and other related transaction by investment managers;
4. Sweep all investment manager and Fund accounts daily into a cash management account and manage such account in safe, liquid, interest-bearing investments in accordance with this Policy;
5. Reconcile cash balances with investment managers and make cash disbursements as directed by the Fund Administrator;
6. Distribute proxies to investment managers; and provide all other custodial services not listed above that are necessary for the efficient custody, valuation or administration of Fund assets.

V. Investment Objectives:

A. General Investment Objectives.

1. The general investment objective of the Fund is to preserve the purchasing power of the Fund's assets and earn a reasonable real rate of return over the long-term while minimizing, to the extent reasonable, the short-term volatility or losses. In broad terms, the board seeks to ensure over the life of the Fund that an adequate level of assets are available to fund benefit payments payable to the Fund's participants and beneficiaries at the time they become due. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of risk.
2. To achieve these general objectives, the Board seeks to create a well-diversified portfolio of equity, fixed income, money market and other permissible investments including liquid alternative asset class funds.

B. Specific Investment Objectives and Return Goals.

1. The primary investment objective of the Board is to maximize the probability of achieving an investment return that satisfies the actuarial rate of return assumption for the Fund's investment portfolio, net of fees, subject to a prudent level of risk. As this is a long-term objective and investments are subject to volatility within a market cycle, the main investment focus of the Board is the expected long-term return and associated expected volatility of the Fund as a whole over a long-term investment time horizon.

2. In addition to the absolute investment objective, relative return goals are described as follows:

   a. To earn a total risk adjusted rate of return at the total Fund level, net of fees, over a market cycle which exceeds the risk adjusted return of a Policy Index. The Policy Index for the Fund is defined as an index constructed of the returns of the broad market indices representing each asset class in which the Fund is invested, each weighted to reflect the Fund's target asset allocation as adopted by the Board. The Policy index may change from time to time as the asset allocation target or permissible asset classes change, as periodically approved by the Board.

   b. The investment goals of each active investment manager are to achieve an annualized total risk adjusted rate of return, net of fees, over a market cycle that exceeds an appropriate market index and rank above median in a comparative performance universe reflecting the manager's investment style.

   c. The investment goal of each passive investment fund is to achieve an annualized total rate of return, net of fees, over a market cycle that is comparable to the underlying broad market index minus its internal expenses while minimizing tracking error to that index.

VI. Authorized Investments.

A. Under the applicable elements of Section 215.47 (1)-(6), (8), (9), (11) and (17), Fund assets may be invested:

1. Without limitation in U.S. government and agency securities, various full faith and selected state and municipal securities, various savings accounts and CD's of banks and S&L's, prime quality commercial paper and bankers acceptances, prime quality negotiable CD's issued by domestic or foreign financial institutions denominated in U.S. dollars, various short-term investment funds, various mutual funds and similar investment products comprised of U.S. government, agency and instrumentality securities, and repurchase agreements collateralized by U.S. government securities.

2. With no more than 25% in various investment grade state and municipal securities, certain FHA and VA notes, certain CMO's, certain group annuity contracts, certain interests in real

property and related personal property with provision for equity and income participation, investment grade foreign fixed income obligations, fixed income obligations of the government of Israel, dollar-denominated obligations issued by foreign governments and corporations, and asset-backed securities not otherwise described herein.

3. With no more than 80% in domestic equities (common stock, preferred stock, and convertible bonds) listed under major exchanges, and domestic corporate bonds.
4. With no more than 25% in corporate obligations and securities of foreign corporations and entities, not including US dollar-denominated securities listed and traded on US exchanges.
5. Transactions involving the purchase and sale of certain futures and options.

B. Investments not listed in this Policy are expressly prohibited. Should the Fund have investments that either exceed the applicable limit or do not satisfy the applicable investment standards, such excess or investment not in compliance with this Policy may be continued until such time as it is economically feasible to dispose of such investment. However, no additional investment may be made in the investment category which exceeds the applicable limit, unless specifically authorized by law or local ordinance.

VII. Asset Allocation

A. General.

1. The Board believes that the level of risk assumed in the Fund is a function, in large part, of the Fund's asset allocation. The proportion of assets allocated for equity investments is the most important determinant of the volatility of future returns. As indicated by long-term historical data, the risk of equity ownership has been rewarded with a higher rate of return and is necessary in the current market environment to fully fund future liabilities.
2. The Fund's investments shall be invested in a diversified portfolio which may be composed of equity securities (both domestic and international), fixed income securities (both domestic and international), diversifying assets (such as real estate or alternative assets, as permitted by statute or ordinance) and cash equivalent securities.
3. Based on its determination of the appropriate risk posture for the Fund, and its long-term return expectations, the Board has established asset-mix guidelines for the Fund based on market values. The asset allocation is a strategic asset allocation. The long-term target allocation percentage and permitted range for each asset class shall be based upon the most recent asset allocation study performed by the investment consultant or periodic asset allocation review, as adopted by the Board. Both the target allocations and permitted ranges should be adhered to under normal circumstances. However, because the target allocations and permitted ranges are long-term in nature, periodically the asset mix may fall outside the target or range. Dollar-cost-

averaging, portfolio transition or other cases where the Board determines deviation from the target or range is in the best interest of the Fund are permitted exceptions. This in no way should be considered tactical asset allocation or market timing and is not viewed as such by the Board.

4. The Board is responsible for broad asset allocation decisions. A manager's cash holdings can disrupt this position and therefore under normal circumstances should be kept to a minimum of its portfolio market value.

5. Until such time as the Board changes the asset class targets, a routine rebalancing of the various portfolios back within permitted allocation range shall be implemented as necessary. Managers considered to be underperforming their benchmarks, undergoing personnel or ownership change or for other reasons in the best interests of the Fund, may be excluded from receiving additional assets in any rebalancing.

6. The investments of the Fund shall be diversified so as to minimize the impact of large losses under any individual asset class or investment style.

B. Target Asset Allocation, Permitted Allocation Ranges, and the Policy Index.

1. The Fund's objectives, current target asset allocation, permitted allocation ranges and Policy Index are shown in Appendix A.

VIII. Investment Guidelines.

A. General.

1. The Fund Administrator, in consultation with the investment consultant, is responsible for developing periodic recommendations for consideration by the Board regarding the various asset classes, investment styles and individual portfolio policies and guidelines which are to be formally reflected in the goals and objectives of this Policy. Once adopted by the Board, the Administrator shall manage the implementation of the Policy and the guidelines reflected therein. The Administrator shall manage any guidelines for the selection and retention of investment managers as well as all external contractual relationships in discharging the fiduciary responsibilities of the Board. All asset classes and investment styles shall be invested to achieve or exceed, on a net of fee basis, the risk adjusted return for their respective benchmarks over a market cycle measured over rolling three to five year periods of time.

2. No investment manager shall be permitted to purchase the securities of the investment management organization for inclusion in the portfolio of the Fund. This prohibition shall additionally extend to the securities of the parent organization or subsidiaries of the investment management firm.

B. Cash Equivalents Guidelines/Restrictions.

1. Permissible Cash Equivalent Securities for the Fund include:

   a. Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.

   b. Bonds issued by the Florida State Improvement Commission, Florida Development Commission, Division of Bond Finance of the Department of General Services, or Division of Bond Finance of the State Board of Administration.

   c. Notes, bonds, and other obligations of agencies of the United States.

   d. Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.

   e. Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.

   f. Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.

   g. Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.

   h. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

2. Notwithstanding the above list of securities that are eligible for investment by the custodian bank, the investment managers may invest only in the following short-term investment vehicles:

a. The money market or STIF provided by the custodian bank.

b. MSILF Government securities portfolio.

c. Direct obligations of the United States Government or its agencies with a maturity of one year or less.

d. Repurchase agreements which are fully collateralized by direct obligations of the United States Government.

e. Commercial Paper issued by United States corporations which has a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's, subject to a limit of no more than $5 million by any single issuer.

f. Bankers Acceptances issued by prime money center banks, subject to a limit of no more than $5 million in any single bank.

C. Equity Guidelines/Restrictions.

1. Domestic common stock and preferred stocks are permitted for domestic equity portfolios.

2. No equity holding of any one company in the Fund's portfolio shall represent more than 5% of the assets of the Fund measured on the basis of market value.

3. Exchange Traded Funds (ETF's) may be used and held in domestic equity portfolios for passive investing exposure.

4. American Depository Receipts (ADR's) and foreign-domiciled companies that are traded on United States exchanges are permitted investments for domestic equity managers; however, the combined amount of such securities shall be limited to 15% of a domestic equity manager's portfolio. This authorization is subject to the collective use of foreign-domiciled companies and international securities (through international equity managers) operating within the overall 25% limitation of the total Fund assets measured on the basis of market value. Notwithstanding these guidelines with respect to individual domestic equity managers, the Board shall issue directives to such individual domestic equity managers for the liquidation of a portion of their holdings in foreign domiciled companies in the event that the Trustees conclude that the overall limitation of 25% is in peril of being exceeded.

5. There shall be no investment in foreign securities within the portfolios of investment managers who are hired and assigned to manage domestic portfolios (except within the constraints described above). There shall be no: investment in venture capital, commodities, financial futures or options (other than covered call options), letter stocks, private placements (except those issued under Rule 144a with such securities being limited to 15% of a manager's portfolio measured at market value), short selling, purchases on margin, puts, calls, or hedging, or other specialized investment activity without the prior approval of the Board.

6. Corporate obligations and securities of a foreign corporation or a foreign commercial entity are permissible in international equity portfolios but shall not exceed 25% of the Fund, not including US dollar-denominated securities listed and traded on a US exchange. American Depository Receipts and Global Depository Receipts are also permissible in international equity portfolios.

7. Convertible preferred stocks may be purchased so long as the common stocks underlying them meet the required equity standards.

8. Convertible bonds shall not be considered as an appropriate equity substitute.

9. The equity investment managers are permitted to sell covered call options.

10. All securities purchased shall be fully negotiable and marketable unless prior approval is secured by the Board. An illiquid investment is generally recognized as an investment for which a recognized market is not available or for which there is no consistent or generally accepted pricing mechanism.

11. In order to achieve the desired level of quality and liquidity of the portfolio, all domestic equity purchases (other than private equity mandates) are limited to stocks registered or listed on a United States national exchange, (i.e. New York Stock Exchange and the NASDAQ Over the Counter Market) and whose corporation conforms to the periodic reporting requirements under the Securities Exchange Act of 1934.

12. Permissible equity investment vehicles shall include equity separate accounts, commingled vehicles, index funds, and mutual funds consisting of those common stocks, preferred stocks, and convertible securities described above.

D. Fixed Income Guidelines/Restrictions.

1. The following are permissible investments:

    a. Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.

    b. State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.

    c. Notes, bonds, and other obligations of agencies of the United States.

    d. The following are limited to 25% or less of the Fund:

i. Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.

ii. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.

iii. Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

iv. Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.

v. A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

vi. Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in Section 215.475, Florida Statutes.

vii. United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

viii. Asset-backed securities not otherwise authorized by this section.

e. Not more than 80% of the Fund may be invested in interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States.

f. Not more than 25% of the Fund may be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.

i. Unless permitted by the Board, all securities purchased for the portfolio must have an investment grade rating of BBB- or better (investment grade) from a nationally recognized rating service (i.e. Moody's, Standard & Poor's, or Fitch), subject to the limitations below. For an issue with a split rating, the lower quality designation will govern. In the event of a downgrade below BBB- or its equivalent after the time of purchase, the Investment Manager shall be required to dispose of the security at the earliest beneficial opportunity. Any purchase of below investment grade rated debt securities may only be made with the prior written permission of the Board.

ii. No purchase may be made which would cause a holding to exceed 5% of the issuer's outstanding fixed income securities.

iii. No more than 5% of the Fund's portfolio shall be invested in the securities of any single issuer, with the exception of the United States Government and its agencies and instrumentalities, which carry no limit.

iv. Convertible bonds may be purchased up to 10% of the value of the manager' fixed income portfolio; however, such investments should be liquidated at the time of conversion so as to avoid a fixed-income Investment Manager from carrying equity securities in the fixed-income portfolio.

v. There shall be no investment in foreign bonds (with the possible exception of bonds issued by the State of Israel were contractually authorized) within the portfolios of investment managers who are hired and assigned to manage domestic core portfolios, without the prior written permission by the Board. In addition, there shall be no short selling or other specialized investment activity or investments in futures or options without the prior approval of the Board.

vi. Yankee Bonds are permitted investments; however, such securities shall be limited to 5% of an investment manager's portfolio unless permitted in writing by the Board.

vii. Closed-end bond funds may be purchased; however, such purchases shall be limited to 10% of an investment manager's portfolio. In addition, the investment manager's holdings in any single closed-end bond fund may not exceed 10% of the amount of such closed-end bond fund.

viii. Collateralized Mortgage Obligations (CMO's) are acceptable provided they meet the following criteria unless otherwise permitted by the Board in writing:

a) Backing by the full faith of the U.S. Government or an Agency thereof, or that are rated AAA by a major rating service.

b) A volatility rating by Fitch Investors Services in the low to moderate category (VI, V2, or V3) or characteristics consistent with such ratings.

c) Limited to PAC (Planned Amortization Class), NAC (Non-Accelerated Securities), VADM (Very Accurately Defined Maturity) securities, or sequential CMO's.

ix. Investments in Commercial Mortgage Backed Securities (CMBS) are permitted, provided they are rated AAA by a major rating service and the total value of all CMBS investments shall not exceed 15% of the market value of the total fixed income portfolio unless permitted by the Board.

x. All securities purchased shall be fully negotiable and marketable. An illiquid investment is generally recognized as an investment for which a recognized market is not available or for which there is no consistent or generally accepted pricing mechanism.

xi. Structured notes may not be held in the fixed income portfolio without the written permission of the Board.

xii. Permissible investment vehicles shall include fixed income separate accounts, commingled vehicles, index funds and mutual funds consisting of those fixed income securities listed above.

E. Alternative Asset Class Investments Guidelines/Restrictions.

The Board of Trustees is authorized to invest and reinvest the assets of the Pension Fund in any lawful investment as provided in applicable provisions of s.112.661, 175.071, 185.06, 215.47, Florida Statutes, and, is further authorized to invest in alternative investments through a mutual fund or limited partnership vehicle. The long-term role of alternative investments is to provide additional assets classes and active strategies whose risk and return profiles are meaningfully different than those held in traditional assets, thus providing diversification benefits along with the potential for higher returns and inflation protection. Alternative asset class investments may include: real estate, infrastructure, commodities, hedge funds, funds of hedge funds, private equity, and private credit.

F. Commingled and Mutual Fund Guidelines / Restrictions:

The Board recognizes and accepts that commingled and mutual fund investments will be dictated by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them. The decision to invest Fund assets in any commingled or mutual fund will only be made by the Board of Trustees after a thorough review of the policies and/or prospectuses or other governing documents of those funds and after it has been determined that those policies are appropriate and generally consistent with the investment objectives of the Fund.

G. Investment Management Fees

The Board shall review investment management fees with the assistance of the Investment Consultant. As part of such fee review, the investment consultant shall provide perspective and opinion as to the reasonableness of such fees. Where investment managers are retained by more than one city entity the Board shall make every effort to aggregate assets between the entities for purposes of corresponding fee calculation.

IX. Performance Measurement.

A. The investment performance of Fund assets will be measured by an independent performance measurement firm, usually the investment consultant and evaluated on a monthly or quarterly basis to determine whether:

1. The Total Fund, asset classes and investment managers performed in adherence to the investment policy guidelines set forth herein.
2. The investment managers have employed the investment philosophy or style of investing that they were hired to perform.
3. The Total Fund, asset classes, and investment managers performed satisfactorily when compared to the objectives identified in this Statement, in addition to the returns generated by similarly managed funds.

B. Long-Term Evaluation.

The measurement period for the long-term evaluation of investment performance will be rolling three to five year periods and thereby approximating a complete market cycle.

C. Benchmark Comparisons.

The absolute and risk adjusted investment returns generated on the various categories of pension assets shall be compared against the appropriate benchmarks, indicators and peer groups as indicated in Exhibit A. In addition to the evaluation of absolute investment returns, the level of risk assumed by the total Fund and the individual portfolios will be examined.

X. Reporting Requirements.

A. Quarterly Investment Performance Evaluation.

1. The Board shall review the investment activities and investment performance of the Fund, asset classes, and each portfolio manager on a regular basis to assure compliance with the goals, objectives, and guidelines contained in this Statement of Investment Policy. The Fund's

investment consultant shall assist in interpreting investment results and assessing investment manager performance.

2. The investment consultant shall be available to attend meeting of the Board each quarter and shall prepare and present at such meetings a performance report, in writing, analyzing the performance of each investment manager. Such presentations may be accomplished by conference call or video conferencing. Reports of quarterly, annual and multi-year performance shall also be compiled by the investment consultant as appropriate. Within such reports, the investment consultant shall advise the Board as to the relative performance of the Fund as a whole, each asset class composite, and each investment manager as compared to the various benchmarks which are generally accepted in the investment marketplace.

3. While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change investment managers, without liability except for the payment of current charges, for any reason which in the exercise of the Board's discretion is deemed sufficient, including but not limited to those stated below.

    a. Change of Board's investment philosophy;

    b. Poor results;

    c. Failure to meet stated performance goals;

    d. Failure to meet Board's communication and reporting requirements;

    e. Deviation from the stated investment philosophy or style for which the investment management firm was hired;

    f. Change of decision-making personnel or ownership of the investment management firm; or

    g. Regulatory action or litigation.

B. State Filing Requirements:

1. The Board shall timely comply with the reporting requirement of Section 112.662 by filing a comprehensive report by December 15 of each odd-numbered year. [112.662(4)]. Investment managers and the Board's investment consultant shall assist in the preparation of required reports and shall annually confirm to the Board their compliance with Chapter 2023-28, if applicable.

XI. Other.

A. Annual Audit.

It is the policy of the Board of Trustees to retain an independent Certified Public Accountant for the preparation of an annual financial report.

B. Asset Values.

The market value of the assets for accounting purposes, actuarial purposes, payment of investment managers, and for purposes of measuring investment performance shall be based upon the market value assigned by the custodian bank.

C. Continuing Education

Pursuant to Section 112.661, Florida Statutes, all Board of Trustee members are required to perform continuing education in matters relating to investments and the Board's responsibilities to the Fund.

D. Contracting and External Communications.

1. Manager contracts shall comply with Section 215.855 as follows:

> Any written communication made by an investment manager to a company in which such manager invests public funds on behalf of the Board must include the following disclaimer in a conspicuous location if such communication discusses social, political, or ideological interests; subordinates the interests of the company's shareholders to the interest of another entity; or advocates for the interest of an entity other than the company's shareholders:
>
> The views and opinions expressed in this communication are those of the sender and do not reflect the views and opinions of the people of the State of Florida.

2. If a Request for Proposals document is issued for Investment Manager services, the solicitation document must include the following:

> "The Board of Trustees may not request documentation of or consider a vendor's social, political, or ideological interests when determining if the vendor is a responsible vendor. Additionally, the Board of Trustees may not give preference to a vendor based on vendor's social, political, or ideological interests."

Adopted on this ______ day of _________________ 202~~2~~3.

Exhibit A: Executive Summary

Market Value of Assets (~~2/28/2022~~9/30/2023): $~~20,281,323~~ 19,227,678

Investment Time Horizon: Greater than 25 years (perpetual)

Actuarial Return Assumption: 5.75%

Risk Tolerance: Moderate

Policy Asset Allocation:	Index	Target Allocation	Range
EQUITIES			
Domestic Equity: Large Cap Value	Russell 1000 Value	15.0%	10 – 25%
Domestic Equity: Large Cap Growth	Russell 1000 Growth	15.0%	10 – 25%
Domestic Equity: Mid Cap Value	Russell Mid Value	5.0%	0 – 10%
Domestic Equity: Mid Cap Growth	Russell Mid Growth	5.0%	0 – 10%
Domestic Equity: Small Cap Value	Russell 2000 Value	5.0%	0 – 10%
Domestic Equity: Small Cap Growth	Russell 2000 Growth	5.0%	0 – 10%
Total Domestic Equity		**50.0%**	**40 – 60%**
International Equity:	MSCI EAFE ACWI ex USA Net	10.0%	2 – 15%
Emerging Markets Equity	MSCI Emerging Markets Net	0.0%	0 – 8%
Total International		**10.0%**	**5 – 15%**
Total Equities		**60.0%**	**45 – 75%**
FIXED INCOME			
Domestic Fixed Income	Bloomberg Intermediate. U.S. Gov't/Credit	25.0%	15 – 50%
Total Fixed Income		**25.0%**	**15 – 50%**
ALTERNATIVES			
Multi-Strategy Liquid FOHF	HFRX Global Hedge Fd	5.0%	0 – 10%
Infrastructure	DJ Brookfield Global Infrastructure	5.0%	0 – 10%
Private Real Estate	NCREIF Property or ODCE	5.0%	0 – 10%
Total Alternatives		**15.0%**	**0 – 25%**
CASH & EQUIVALENTS			
Cash & Equivalents	90-Day T-Bill	0.00%	0 – 10%
Total Cash & Equivalents		**0.00%**	**0 – 10%**
TOTAL		**100.00%**	

P: 954.527.1616 | F: 954.525.0083 | www.grsconsulting.com

January 30, 2024

CONFIDENTIAL

Mr. Rick Rivera
Administrator
Bal Harbour Village Employees' Pension Plan
655 96th Street
Bal Harbour, Florida 33154

Re: Bal Harbour Village General Employees Retirement Fund
DROP Exit Statement for Lori Mobley

Dear Mr. Rivera:

Enclosed is the final DROP account statement for Lori Mobley.

Based on information provided to us, Ms. Mobley is scheduled to exit the DROP as of January 31, 2024. Amounts presented in the statement reflect Ms. Mobley's original election of a Life Annuity for the monthly benefit option with the initial monthly payment of **$1,769.05**. The DROP balance distribution of **$3,555.55** is based on 4% per Annum pursuant to Ms. Mobley's election. Interest has been credited through her expected payout date of January 31, 2024. Her first cost of living adjustment is scheduled to take effect December 1, 2024 resulting in her new benefit amount of $1,813.28 beginning with the December 1, 2024 payment date and will be annually increased each December 1.

If there are any questions, or if we can be of further assistance, please contact us.

Sincerely,

Piotr Krekora, ASA, EA, FCA, MAAA
Senior Consultant & Actuary

PK/kec
Enclosure

Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

The above communication shall not be construed to provide tax advice, legal advice or investment advice.

One East Broward Boulevard | Suite 505 | Ft. Lauderdale, Florida 33301-1804