



TSBA OPEB Trust Meeting
Franklin Marriott Cool Springs
February 13, 2024

AGENDA

Call to Order 12:55 p.m.	Wright Cox, Chairman
Approval of Agenda 12:55 p.m.	Wright Cox, Chairman
Approval of the November 18, 2023 Minutes 12:55 p.m.	
Approval of 6-month Financial Statements (December 31, 2023) 12:55 p.m.	Dr. Tammy Grissom, Trust Administrator
Report of Activities and Fiscal Condition of the Trust 12:55 p.m.	Dr. Tammy Grissom, Trust Administrator
Approval of Proposed Policy Changes <ul style="list-style-type: none">• 1020 - Board of Trustees' Meeting Procedures• 3030 - Depository for Trust Funds• 3070 - Trust Travel Regulations	
12:55 p.m.	Dr. Tammy Grissom, Trust Administrator
Review Investment Policy 12:55 p.m.	
Investment Report 12:55 p.m.	Chris Sigmund, Morgan Stanley
Public Comment 12:55 p.m.	Chris Sigmund, Morgan Stanley
Other Business 12:55 p.m.	
Adjourn 12:55 p.m.	



TSBA
TENNESSEE SCHOOL BOARDS ASSOCIATION

OPEB Trust Meeting

Agenda and Supporting Documents

Franklin Marriott Cool Springs

Appaloosa Room

Tuesday, February 13, 2024

7:00 a.m. – 8:00 a.m.



**OPEB Trust Meeting
Franklin Marriott Cool Springs
Appaloosa Room
Tuesday, February 13, 2024**

AGENDA

7:00 a.m.	Call to Order	Wright Cox, Chairman
7:02 a.m.	Approval of Agenda	
7:04 a.m.	Approval of November 18, 2023 Minutes	
7:06 a.m.	Approval of 6-month Financial Statements (December 31, 2023)	Dr. Tammy Grissom, Trust Administrator
7:10 a.m.	Report of Activities and Fiscal Condition of the Trust	
7:13 a.m.	Approval of Proposed Policy Changes <ul style="list-style-type: none">• 1020 – Board of Trustees’ Meeting Procedures• 3030 – Depository for Trust Funds• 3070 – Trust Travel Regulations	
7:15 a.m.	Review Investment Policy	
7:25 a.m.	Investment Report	Chris Sigmund, Morgan Stanley
7:45 a.m.	Public Comment	
7:55 a.m.	Other Business	
8:00 a.m.	Adjourn	

**Tennessee School Boards Association
OPEB Trust Meeting
Gaylord Opryland Resort and Convention Center
Lincoln B
November 18, 2023**

The TSBA OPEB Trustees met on Saturday, November 18, 2023. The following members were present: **Dr. Dale Viox**, Arlington; **Kevin Woods**, Memphis-Shelby County (via conference call); **Wright Cox**, Collierville; **Candy Morgan**, Maryville; **Chris Denson**, Millington; and **Dr. Tammy Grissom**, Trust Administrator. TSBA staff member present was **Emily Warren**. The following were also in attendance: **Tim Hobbs**, Hickman County; **David Cook**, Bartlett; **David Stephens**, Bartlett; **Chris Sigmund** with Morgan Stanley; and **Erica Saeger** with Crosslin.

Dr. Dale Viox called the meeting to order at 7:15 a.m. and welcomed everyone.

DENSON/COX: Motion to approve the agenda. MOTION CARRIED.

COX/DENSON: Motion to approve February 17, 2023 Minutes. MOTION CARRIED.

COX/DENSON: Motion to accept the 3-month Financial Statements (September 30, 2023). MOTION CARRIED.

Dr. Tammy Grissom, the Trust Administrator, reported on the activities and fiscal condition of the Trust. She noted that no new members had joined the OPEB Trust, and no members had recently withdrawn funds from the OPEB Trust. Dr. Grissom spoke to the different ways that the OPEB Trust has been promoted to TSBA membership and reiterated the importance of every school district understanding their OPEB liabilities.

Emily Warren, TSBA Staff Attorney, reported that there were no proposed changes to the OPEB Trust Bylaws at this time.

DENSON/COX: Motion to approve proposed policy change to OPEB Trust Policy 1010 – Board of Trustees’ Meetings. MOTION CARRIED.

Erica Saeger with Crosslin reviewed the June 30, 2023 OPEB Trust Audit. There was no discussion or questions as to the contents of the audit.

COX/DENSON: Motion to approve the June 30, 2023 OPEB Trust Audit. MOTION CARRIED.

Chris Sigmund with Morgan Stanley reported on the financial stability of the OPEB Trust and the performance of the Trust’s investments in the current economy. He stated that the Trust is performing within the fiduciary guidelines as set forth by the investment policy. He went into detail as to the current trend of the market as well as future projections for the Trust.

COX/DENSON: Motion to approve the appointments of the following Trustees: David Cook, Bartlett; and Tim Hobbs, Hickman County. MOTION CARRIED.

VIOX/DENSON: Motion to elect Wright Cox as Chairman. MOTION CARRIED.

MORGAN/COOK: Motion to elect Tim Hobbs as Vice-Chairman. MOTION CARRIED.

There were no individuals present who wished to speak during the public comment portion of the meeting.

The meeting adjourned at 8:15 a.m.

Respectfully submitted,

Dr. Dale Viox, Chairman

Dr. Tammy Grissom, OPEB Trust Administrator

TSBA OPEB Trust
Balance Sheet
As of December 31, 2023

	Dec 31, 23
ASSETS	
Current Assets	
Checking/Savings	
1000-00 · Suntrust Operating Account	5,654.50
Total Checking/Savings	5,654.50
Other Current Assets	
1300-00 · Investments	
1300-10 · Hickman County Investments	2,863,257.17
1300-20 · Johnson County Investments	1,442,780.61
1300-30 · Shelby County Investments	133,287,546.73
1300-50 · Jackson-Madison Investments	520,280.35
1300-60 · Arlington Investments	4,528,815.84
1300-70 · Bartlett Investments	7,212,559.11
1300-80 · Collierville Investments	2,685,585.09
1300-90 · Lakeland Investments	3,100,695.45
1300-95 · Millington Investments	395,078.72
Total 1300-00 · Investments	156,036,599.07
Total Other Current Assets	156,036,599.07
Total Current Assets	156,042,253.57
TOTAL ASSETS	156,042,253.57
LIABILITIES & EQUITY	
Equity	
3200-00 · Unrestricted Net Assets	146,681,792.48
Net Income	9,360,461.09
Total Equity	156,042,253.57
TOTAL LIABILITIES & EQUITY	156,042,253.57

TSBA OPEB Trust
Profit & Loss
 July through December 2023

	Jul - Dec 23
Income	
4300-00 · Contributions	
4300-20 · Contributions - Johnson County	25,000.00
Total 4300-00 · Contributions	25,000.00
4400-00 · Unrealized Gain/Loss	
4400-10 · Unrealized Gain/Loss - Hickman	107,316.82
4400-20 · Unrealized Gain/Loss - Johnson	53,505.91
4400-30 · Unrealized Gain/Loss - Shelby	4,948,889.19
4400-50 · Unrealized Gain/Loss - JMadison	19,394.58
4400-60 · Unrealized Gain/Loss - Arlingto	167,241.13
4400-70 · Unrealized Gain/Loss - Bartlett	270,614.18
4400-80 · Unrealized Gain/Loss - Collierv	98,684.30
4400-90 · Unrealized Gain/Loss - Lakeland	113,533.32
4400-91 · Unrealized Gain/Loss - Millingt	14,682.99
Total 4400-00 · Unrealized Gain/Loss	5,793,862.42
4500-00 · Interest, Dividends&Capital Gn	
4500-10 · Interest, Div., & CG - Hickman	68,584.62
4500-20 · Interest, Div., & CG - Johnson	34,639.91
4500-30 · Interest, Div., & CG - Shelby	3,211,156.34
4500-50 · Interest, Div., & CG - JMadison	12,495.90
4500-60 · Interest, Div., & CG - Arlingto	109,639.25
4500-70 · Interest, Div., & CG - Bartlett	176,157.00
4500-80 · Interest, Div., & CG - Collierv	65,427.31
4500-90 · Interest, Div., & CG - Lakeland	75,725.99
4500-91 · Interest, Div., & CG - Millingt	9,487.42
Total 4500-00 · Interest, Dividends&Capital Gn	3,763,313.74
4800-00 · Interest Income	0.30
Total Income	9,582,176.46
Expense	
6400-00 · Administrative Fee	
6400-10 · Administrative Fee - Hickman	3,318.64
6400-20 · Administrative Fee - Johnson	1,656.94
6400-30 · Administrative Fee - Shelby	74,634.04
6400-50 · Administrative Fee - J. Madison	603.13
6400-60 · Administrative Fee - Arlington	5,249.72
6400-70 · Administrative Fee - Bartlett	8,356.48
6400-80 · Administrative Fee - Colliervil	3,113.01
6400-90 · Administrative Fee - Lakeland	3,594.60
6400-91 · Administrative Fee - Millington	458.05
Total 6400-00 · Administrative Fee	100,984.61
6500-00 · Investment Advisor Fees	
6500-10 · Investment Advisor Fees - Hickm	2,192.90
6500-20 · Investment Advisor Fees - Johns	1,104.40
6500-30 · Investment Advisor Fees - Shelb	102,985.87
6500-50 · Investment Advisor Fees - JMadi	399.71
6500-60 · Investment Advisor Fees - Arlin	3,520.02
6500-70 · Investment Advisor Fees - Bartl	5,697.20
6500-80 · Investment Advisor Fees - Colli	2,094.88
6500-90 · Investment Advisor Fees - Lakel	2,432.47
6500-91 · Investment Advisor Fees - Milli	303.31
Total 6500-00 · Investment Advisor Fees	120,730.76
Total Expense	221,715.37
Net Income	9,360,461.09

TSBA OPEB Trust

Descriptor Term: Board of Trustees' Meeting Procedures	Descriptor Code: 1020	Revised: DRAFT
	Rescinds: 1020	Previous Issued: 10/21/20

1 AGENDA PREPARATION

2 The agenda shall be prepared by the Trust Administrator in consultation with the Trust
3 Chairman.

4 Items of business may be suggested by any member system, any Trustee, or the Trust
5 Administrator. Inclusion of the item on the agenda shall be at the discretion of the Chairman and
6 Trust Administrator.

7 Requests to have items placed on the agenda shall be received twenty (20) days before the Board
8 is scheduled to convene. The full agenda, including support documents, shall be distributed two
9 (2) weeks in advance of each board meeting to allow Trustees adequate time to study agenda
10 material.

11 At the beginning of each meeting, the Board shall approve the agenda for the meeting, which
12 may involve the addition or deletion of items previously included on the agenda.

13 ORDER OF BUSINESS

14 The structure of a board meeting shall be as follows:

- 15 1. Call to Order;
- 16 2. Adoption of Agenda;
- 17 3. Approval of Minutes;
- 18 5. Report from the Trust Administrator;
- 19 6. Discussion and Action as needed on Agenda Items;
- 20 7. Public Comment;
- 21 8. Other Business; and
- 22 9. Adjournment.

1 **MINUTES**

2 The Trust Administrator shall be responsible for recording and maintaining the proceedings of
3 all board meetings. Draft copies of the previous minutes shall be distributed along with agenda
4 material for the succeeding meeting. Minutes shall contain the following:

- 5 1. Type of meeting;
6 2. Date, time, and place;
7 3. Names of those present;
8 4. Status of previous minutes;
9 5. All motions and their disposition;
10 6. All reports; and
11 7. Time of adjournment.

TSBA OPEB Trust

Descriptor Term: Depository for Trust Funds	Descriptor Code: 3030	Revised: DRAFT
	Rescinds: 3030	Previous Issued: 11/16/09

- 1 The current major depository for the TSBA OPEB Trust funds is ~~SunTrust Bank~~ Truist Bank.
- 2 The Board shall approve additional temporary depositories for special purposes as the need
- 3 arises.

TSBA OPEB Trust

Descriptor Term: Trust Travel Regulations	Descriptor Code: 3070	Revised: DRAFT
	Rescinds: 3070	Previous Issued: 02/18/19

1 Trust members and other authorized persons may claim travel reimbursements in accordance
2 with the following guidelines:

3 **REIMBURSABLE EXPENSES:** Limited to those that are actually and necessarily incurred in
4 connection with Trust business and reasonable in amount under all the circumstances.

5 **AIR AND RAIL TRAVEL** – Travelers should arrange for the most economical fare
6 available, consistent with circumstances. These are reimbursed at coach rate for the most
7 direct route.

8
9 **AUTO MILEAGE** – Auto mileage reimbursement rate will generally be fixed at the IRS
10 allowable rate. However, this rate will not become effective until the Trust publishes
11 travel regulations for that year. The rate specified on the travel voucher signed by the
12 Trustee will be used.

13
14 **TAXIS/LIMOS** – These are reimbursed at the actual cost. The less expensive mode is
15 requested. A receipt is preferred, if available. If a receipt is not available, a written
16 statement, including the trip destination and amount paid, will be required for
17 reimbursement.

18
19 **PARKING/TOLLS** – These are reimbursed at the actual cost. A receipt is required and
20 must show the date of travel, fee paid, and signature of Trustee.

21
22 **HOTEL/MOTEL** – These are reimbursed at the single occupancy rate unless
23 accompanied by his/her spouse when double occupancy rates will prevail. An itemized
24 hotel bill/receipt is required. Hotels/~~motels~~ are authorized one night before and/or one
25 night after a meeting, as travel conditions require. Each Trustee will be responsible for
26 any personal expenses billed to his/her room. (Honor bar, personal telephone calls,
27 movies, etc. are not allowable items.)

28
29 **MEALS** – These are reimbursed at actual and reasonable cost. All claims for meals
30 exceeding the allowable per diem rate must be accompanied by the original cash register

1 or credit card receipt.

2

3 **TIPS** – These are reimbursed at reasonable and actual cost for luggage and material
4 handling, etc. where they are not part of another specifically reimbursable expense (e.g.
5 tips to waiters and waitresses in restaurants).

6

7 **MISCELLANEOUS** – Miscellaneous expenses that are not included in another
8 specifically reimbursable expense are reimbursed at reasonable and actual cost. A receipt
9 is required.

10 **RECONCILIATION:** All expense claims must be submitted no later than thirty (30) days after
11 incurring them.

TSBA OPEB Trust

Descriptor Term: Investment	Descriptor Code: 3060	Revised: 10/21/20
	Rescinds: 3060	Previous Issued: 02/12/18

1 OBJECTIVES AND PERFORMANCE GOALS

2 The Trust's overall investment objective is to achieve a favorable total rate of return consistent
3 with prudent financial management. The goal is to meet stated financial needs of the Trust while
4 maintaining or increasing the real inflation adjusted value of the permanent funds for which the
5 Trust has been entrusted.

6 The performance of the Trust's financial assets and its investment managers will be monitored
7 on a quarterly basis. Portfolio asset allocation shall be reviewed at least annually. Individual
8 managers will be expected to exceed the performance of relevant market index benchmarks over
9 full market cycles. Risk-adjusted performance will also be measured against a peer group of
10 similar managers and evaluated over three (3) and five (5) year annualized time periods.

11 BOARD OF TRUSTEES

12 The Board of Trustees is responsible for overseeing the investments assets of the Trust and for
13 discharging its duties solely in the best interest of the Trust. These duties shall be discharged
14 with the care, skill, prudence, and diligence under the circumstances then prevailing that a
15 prudent man acting in a like capacity and familiar with such matters would use in the conduct of
16 an enterprise of a like character and with like aims. In addition, the Board of Trustees will
17 conduct a thorough review of any person or entity providing investment services to the Trust to
18 avoid any potential conflict of interest situations.

19 FINANCE COMMITTEE

20 The Board of Trustees will act as the Finance Committee. The duties of the Finance Committee
21 include, but are not limited to, the following:

- 22 1. Evaluating and selecting an investment consultant;
23
- 24 2. Developing investment objectives and performance measurement standards which are
25 consistent with the financial needs of the Trust and individual funds;

- 1 3. Periodically reviewing the policy guidelines, and if needed, making changes after
2 consideration of the advice and recommendations of the investment consultant and
3 others;
4
- 5 4. Determining an asset allocation strategy and investment management structure
6 designed to meet the Trust's investment objectives;
7
- 8 5. Evaluating and selecting investment managers;
9
- 10 6. Communicating investment objectives, portfolio guidelines, and performance
11 standards to the investment managers;
12
- 13 7. Holding biannual meetings for the review of performance reports and financial
14 statements and informational conference calls as needed;
15
- 16 8. Deploying existing assets and newly contributed funds to the investment managers;
17
- 18 9. Reviewing and evaluating investment results in the context of predetermined
19 performance standards;
20
- 21 10. Ensuring that investment managers are in compliance with all portfolio guidelines
22 and restrictions and that undo risk is not being undertaken to achieve objectives;
23
- 24 11. Taking necessary corrective action when investment managers fail to achieve
25 expected results; and
26
- 27 12. Engage in RFP process for all contracted services every three (3) years.

28 CUSTODIAN

29 Subject to approval by the Board of Trustees, the Finance Committee is authorized to hire a
30 custodian to safekeep the Trust's assets. The duties of the custodian include, but are not limited
31 to, the following:

- 32 1. Providing all normal custodial functions including security safekeeping, collection of
33 income, settlement of trades, collection of proceeds of maturing securities,
34 distribution of income, and daily investment of uninvested cash;
35
- 36 2. Providing reports detailing investment holdings and account transitions monthly and

1 an annual report summarizing the following to be submitted to the Finance
2 Committee within forty-five (45) days following each fiscal year end;

3
4 a. The reports will include the following:

- 5 1. Statement of all assets on hand;
- 6 2. Statement of all assets received representing contributions to the
7 account; and
- 8 3. Statement of all sales, redemptions, maturities, and principal
9 payments;

10
11
12 3. Establishing and maintaining directed account relationships with each investment
13 manager; and

14
15 4. Preparing accounting reports as requested.

16 INVESTMENT MANAGEMENT

17 The Board of Trustees is authorized to engage the services of investment managers, as defined
18 under the Investment Advisors Act of 1940, and other investment professionals to provide the
19 specialized management necessary to meet the Trust's investment objectives and guidelines.
20 Accordingly, the Board of Trustees requires the investment managers to adhere to the "prudent
21 man rule" under such state laws¹ as may be applicable or which may be applicable in the future
22 of the investment of Trust assets.

23 DELEGATION OF AUTHORITY

24 Investment managers retained by the Board of Trustees will be held responsible for making all
25 investment decisions regarding the assets under their direction. Each investment manager will be
26 provided with a copy of these investment policy objectives and guidelines. In addition, each
27 manager will be provided with any additional specific goals and objectives that are applicable to
28 the particular managed account that the manager is responsible for. Managers will be required to
29 observe and operate within all guidelines specified by the Trust.

30 CAPITAL REQUIREMENTS

31 The Board of Trustees is directed to maintain an Operating Reserve balance which may be
32 custodied in one or more accounts and must maintain a balance that is appropriate to meet the
33 annual distribution needs of the Trust. Such funds may only be invested in insured money market
34 instruments or in investments whose principal is guaranteed by the full faith and credit of the

1 United States Government or one of its agencies. Irrespective of the type of investment selected,
 2 funds may not be invested in any security with a maturity greater than one (1) year. The Board of
 3 Trustees is permitted to maintain all Trust funds in Operating Reserve investments until the Trust
 4 fund balance reaches a level where it is both economically prudent and fiscally appropriate to
 5 invest funds.

6
 7 The Board of Trustees may establish an account or accounts whose balances are restricted to a
 8 particular use or program. Such accounts may be invested according to the guidelines established
 9 in this policy or restricted to more conservative allocations pursuant to the timing of the need for
 10 the funds. Restricted fund balances may be expended at the direction of the Board of Trustees so
 11 long as such direction is not in conflict with agreements or restrictions attached to the receipt of
 12 such funds.

13
 14 All remaining funds owned or controlled by the Board of Trustees shall be considered Capital
 15 Reserves. At the end of each operating year, any and all reserves held in accounts designed as
 16 Operating Reserves which are in excess of the required balance for the upcoming operating year
 17 shall be reallocated to the Capital Reserves account or accounts. All funds held in Capital
 18 Reserve accounts shall be invested pursuant to the guidelines established in this policy.

19 INVESTMENT GUIDELINES

20 The Trust's investment policy objectives and guidelines will be reviewed and revised as needed
 21 from time to time by the Finance Committee. In conducting the review, the committee will
 22 consider applicable advice and recommendations of the Trust's attorneys, accountants,
 23 investment managers, consultants, or other professionals retained to render advice to the Trust.
 24 All modifications shall be in writing and shall be approved by the Board of Trustees.

25 ASSET ALLOCATION

26 The Trust's investment philosophy is that assets should be allocated with the goal of producing
 27 the highest total return consistent with prudent financial management. Unless otherwise specified
 28 by individual fund objectives, this philosophy should be adhered to within the constraints
 29 of the following asset allocation ranges:

30	<u>Maximum allocation</u>	<u>Minimum allocation</u>
31 Equity Investments	70%	35%
32 Fixed Income Investments	65%	20%
33 Cash & Equivalents	35%	0%

1	Alternative Investments – 40 Act Funds	15%	0%
2	Hedging Strategies		
3	Commodities ETF's		
4	Managed Futures Funds		

5 In cases where individual fund objectives require an exception to the above asset allocation
6 ranges, written statements detailing the reasoning for each specific fund will be provided as
7 supplements to this Investment Policy.

8 From time to time, the Finance Committee will determine specific asset allocation targets that it
9 feels are best suited for accomplishing the above total return objective. These specific asset
10 allocation targets will be communicated to individual investment managers in writing, and within
11 a reasonable time frame, managers are expected to reallocate assets in order to comply with the
12 target ranges established by the Committee. In the absence of specific asset allocation targets
13 from the Trust, individual managers will have the direct responsibility for settling and
14 maintaining an asset mix that they feel will best accomplish the Trust's total return objective. At
15 all times and in all cases, the above maximum and minimum limits or specific individual fund
16 maximum and minimum limits, where applicable, are to be adhered to.

17 **PROXY VOTING**

18 The Board of Trustees recognizes that proxy voting is a fiduciary responsibility and requires that
19 proxies be voted based on those factors which would enhance the value of the Trust's
20 investments. The Board of Trustees delegates their authority to vote proxies to the investment
21 managers employed by the Trust and instructs the managers to maintain accurate voting records
22 and to vote proxies for the exclusive benefit of the Trust.

23 **TYPES OF ASSETS**

24 In order to provide for adequate investment diversification across a broad range of assets, the
25 following types of assets are approved for investment:

- 26 U.S. Common Stock
- 27 Non U.S. Common Stock
- 28 U.S. Preferred Stock
- 29 Non U.S. Preferred Stock
- 30 U.S. Government and Agency Securities
- 31 Non U.S. Government and Agency Securities
- 32 Corporate Bonds with a minimum BAA rating or the equivalent Municipal Debt

- 1 Convertible Securities
- 2 Commercial Paper
- 3 Money Market Funds
- 4 Mutual Funds (open and closed-end)
- 5 Exchange Traded Funds
- 6 Passive Index Funds
- 7 Commodities Exchange Traded Funds
- 8 1940 Act Alternative Funds – Hedging Strategies
- 9 1940 Act Managed Futures Funds
- 10 Certificate of Deposits

11 *Additional Criteria*

- 12 All fixed income and preferred stock issues shall be investment grade and dollar denominated.
13 Mutual fund investment shall have investment objectives, rules, and regulations that are
14 consistent with the Trust's Investment Policy. All assets selected for the Trust shall have a
15 readily ascertainable market value and be readily marketable.

16 *Prohibited Investments*

- 17 Investment managers are prohibited from using the following assets and/or transactions:

- 18 Uncovered Options – Puts or Calls
- 19 Short Selling
- 20 Restricted Stock
- 21 Other Derivative Securities not specifically approved above

22 **CASH & CASH EQUIVALENTS**

- 23 All cash, wherever and whenever possible, should be invested in interest bearing instruments.
24 These investments should have stable pricing and instant liquidity.

25 **INVESTMENT MARKETS – EQUITY SECURITIES**

- 26 In order to broaden the investment opportunities for the investment manager(s) to achieve
27 specific objectives, the managers are permitted to invest in equity securities listed on the New
28 York Stock Exchange, the American Stock Exchange, principal regional exchanges, and in over-
29 the-counter securities for which there is a strong market providing ready liquidity of the specific
30 security.

1 The Board of Trustees believes it is necessary and desirable that equity securities held by the
2 Trust represent a diversified portfolio. In this regard, the Finance Committee and Investment
3 Consultant will select and continue to monitor equity investment managers that have
4 diversification and risk management strategies that are consistent with this focus.

5 **INVESTMENT MARKETS – FIXED INCOME SECURITIES**

6 In order to broaden the investment opportunities for the investment manager(s) to achieve
7 specific objectives, the managers are permitted to invest in fixed income issues offered in both
8 primary and secondary markets. Fixed income securities may include bonds, notes, and pass-
9 through securities issued or guaranteed by the U.S. Government or its agencies, corporate bonds,
10 notes, debentures, or asset-backed securities. Should the rating on a debt or preferred stock
11 security purchased subsequently fall below the minimum BAA (or equivalent) rating, a sale of
12 the issue shall be required except as warranted by investment considerations.

13 The Board of Trustees believes it is necessary and desirable that fixed income securities held by
14 the Trust represent a diversified portfolio. In this regard, the Finance Committee and Investment
15 Consultant will select and continue to monitor fixed income investment managers that have
16 diversification and risk management strategies that are consistent with this focus.

Legal References

1. TCA 35-14-101 *et seq.*

Custom Report

Prepared on February 05, 2024 for:
TSBA OPEB TRUST

TAMMY GRISSOM TTEE
TSBA OPEB TRUST U/T/A DTD
11/05/2012
525 BRICK CHURCH PARK DRIVE
NASHVILLE TN 37207-3219

The Cap IV Group

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Your Branch:

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NASHVILLE, TN 37203

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Please review the disclosures and definitions throughout this Document. For more information or questions, please contact your Financial Advisor. Various sub-sections of this Document may not contain information on all accounts/positions covered in this Document and will be denoted on the page.

Investment Policy Range

General Policy: The Trust's investment philosophy is that assets should be allocated with the goal of producing the highest total return consistent with prudent financial management. Unless otherwise specified by individual fund objectives, this philosophy should be adhered to within the constraints of the following asset allocation ranges:

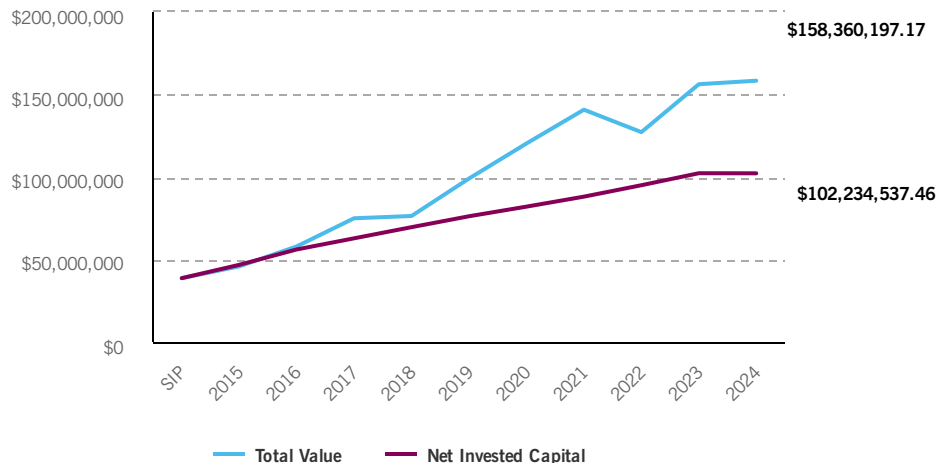
	<u>Maximum Allocation</u>	<u>Minimum Allocation</u>
Equity Investments	70%	35%
Fixed Income Investments	65%	20%
Cash & Equivalents	35%	0%
Alternative Investments – 40 Act Funds	15%	0%
Hedging Strategies		
Commodities ETF's		
Managed Futures Funds		

Exceptions for Individual Funds: In cases where individual fund objectives require an exception to the above asset allocation ranges, written statements detailing the policy for each specific fund will be provided as Supplements to this Investment Policy.

Asset Allocation Targets: From time to time the Finance Committee will determine specific asset allocation targets that it feels are best suited for accomplishing the above total return objective. These specific asset allocation targets will be communicated to individual investment managers in writing, and within a reasonable time frame, managers are expected to reallocate assets in order to comply with the target ranges established by the Committee. In the absence of specific asset allocation targets from the Trust, individual managers will have the direct responsibility for setting and maintaining an asset mix that they feel will best accomplish the Trust's total return objective. At all times, and in all cases, however, the above maximum and minimum limits, or where applicable, specific individual fund maximum and minimum limits, are to be adhered to.

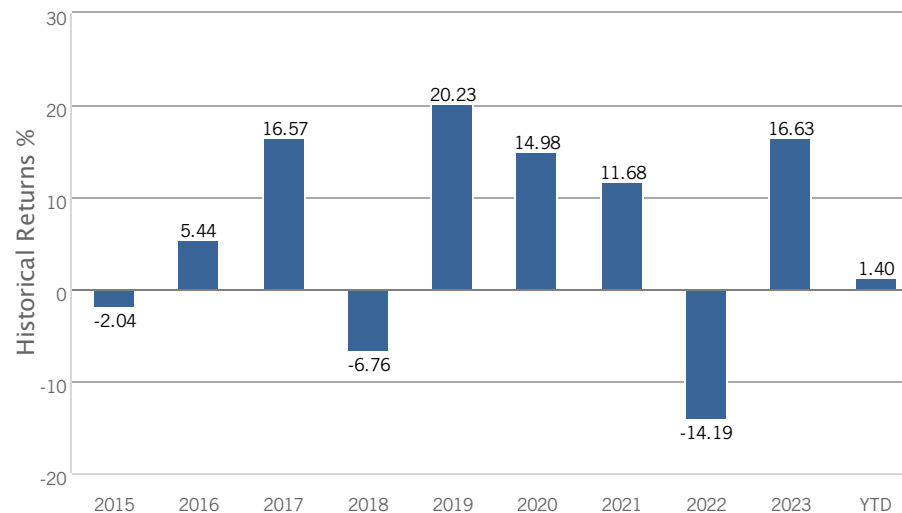
The information in this report is based on data supplied by you and is intended to be used as a guide for your financial strategy. The information and data were obtained from sources deemed reliable. Their accuracy or completeness is not guaranteed and is subject to change with current market conditions. There is no guarantee that the figures presented will be attainable in the future. Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not offer tax advice. Individuals should consult their personal tax advisor before many any tax-related investment decisions.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

DOLLAR-WEIGHTED PERIOD RETURN % (NET OF FEES)

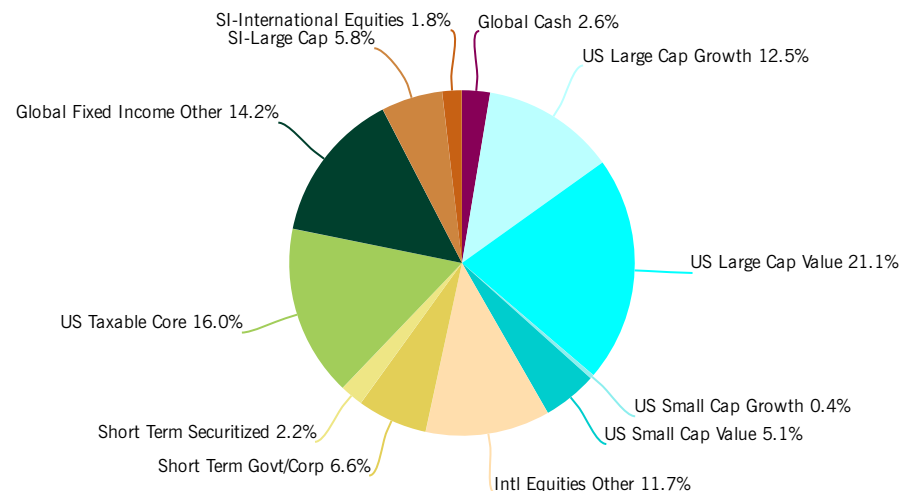


Does not include Performance Ineligible Assets.

DOLLAR-WEIGHTED RETURN % (NET OF FEES)

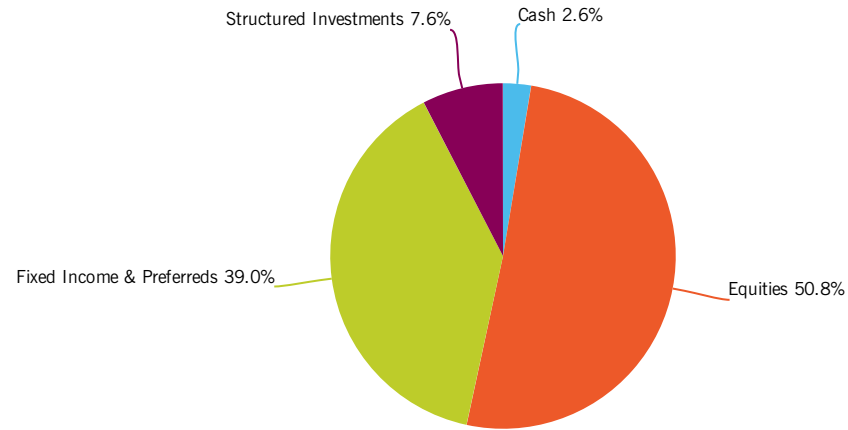
	Quarter to Date (\$) 12/31/23-02/02/24	Previous Year (\$) 12/31/22-12/29/23	Performance Inception (\$) 06/09/15-02/02/24
Beginning Total Value	156,233,166	127,186,040	38,680,482
Net Contributions/Withdrawals	-52,754	7,271,025	63,554,055
Investment Earnings	2,179,786	21,776,101	56,125,660
Ending Total Value	158,360,197	156,233,166	158,360,197
DOLLAR WEIGHTED RATE OF RETURN (%) (Annualized for periods over 12 months)			
Return % (Net of Fees)	1.40	16.63	6.91
90-Day T-Bills	0.50	5.26	1.51

ASSET ALLOCATION



The investment returns shown on this page are dollar-weighted measurements which are affected by the timing and amount of your contributions and withdrawals.

ASSET ALLOCATION - ASSET CLASS



ASSET ALLOCATION

	Total Value (\$) 02/02/2024	% of Portfolio 02/02/2024
Cash	4,163,833.96	2.6
Equities	80,401,745.56	50.8
Fixed Income & Preferreds	61,782,949.67	39.0
Structured Investments	12,011,972.85	7.6
TOTAL PORTFOLIO	158,360,502.04	100.0

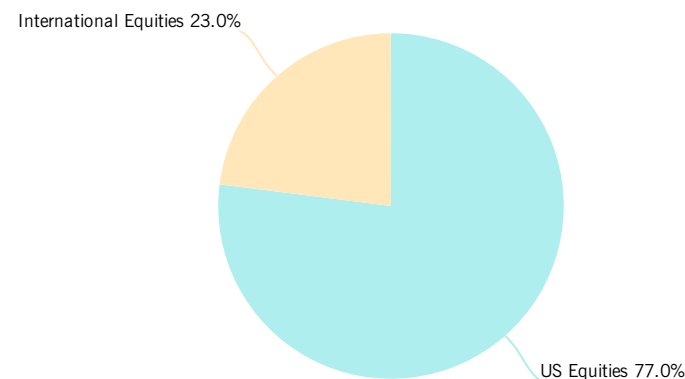
TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

TOP EQUITY POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 02/02/2024	% of Equities 02/02/2024
PGIM JENNISON GROWTH Z	15,317,148.59	19.1
JOHN HANCOCK DISPLND VAL INST	10,272,840.49	12.8
BLACKROCK HIGH EQ INCOME INST	9,963,140.40	12.4
OAKMARK FUND INSTITUTIONAL	8,905,478.15	11.1
PACER US SML CAP CASH COWS ETF	7,464,208.80	9.3
AMERICAN EUROPACIFIC GRW F2	7,110,899.08	8.8
THORNBURG INTL GROWTH I	5,782,552.43	7.2
ISHARES CORE MSCI EAFE ETF	5,591,122.08	7.0
ISHARES CORE S&P U.S. GROWTH	4,458,654.18	5.5
ISHARES CORE S&P U.S. VALUE	4,322,081.46	5.4
Top Equity Positions	79,188,125.66	98.5
Other Equity Positions	1,213,619.90	1.5
Total Equities	80,401,745.56	100.0

ASSET ALLOCATION - EQUITIES



ASSET ALLOCATION - EQUITIES

	% of Equities 02/02/2024	Total Value (\$) 02/02/2024	% of Portfolio 02/02/2024
US Equities	77.0	61,917,171.97	39.1
US Large Cap Growth	24.6	19,775,802.77	12.5
US Large Cap Value	41.6	33,463,540.50	21.1
US Small Cap Growth	0.8	606,809.95	0.4
US Small Cap Value	10.0	8,071,018.75	5.1
International Equities	23.0	18,484,573.59	11.7
Intl Equities Other	23.0	18,484,573.59	11.7
TOTAL EQUITIES	100.0	80,401,745.56	50.8

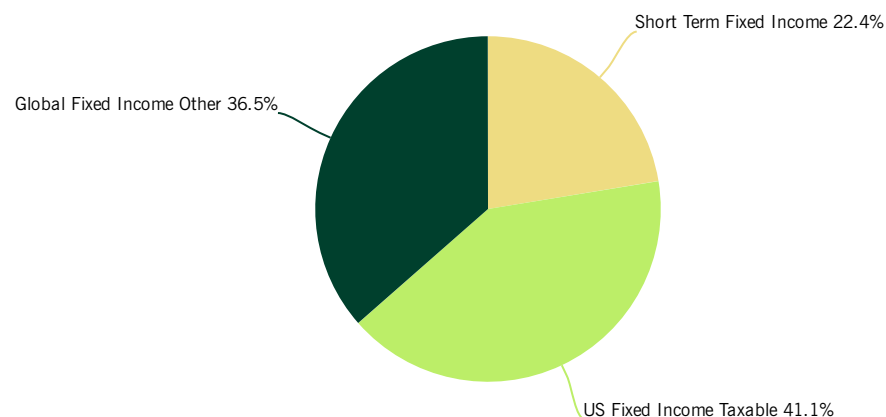
TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

TOP FIXED INCOME & PREFERRED POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 02/02/2024	% of Fixed Income & Preferreds 02/02/2024
PGIM TOTAL RETURN BOND Z	25,396,874.05	41.1
PERFORMANCE TRUST STRAT BD I	22,532,692.01	36.5
PGIM SHORT-TERM CORP BOND Z	13,853,383.61	22.4
Top Fixed Income & Preferred Positions	61,782,949.67	100.0
Other Fixed Income & Preferred Positions	-	-
Total Fixed Income & Preferred	61,782,949.67	100.0

ASSET ALLOCATION - FIXED INCOME & PREFERRED



ASSET ALLOCATION - FIXED INCOME & PREFERRED

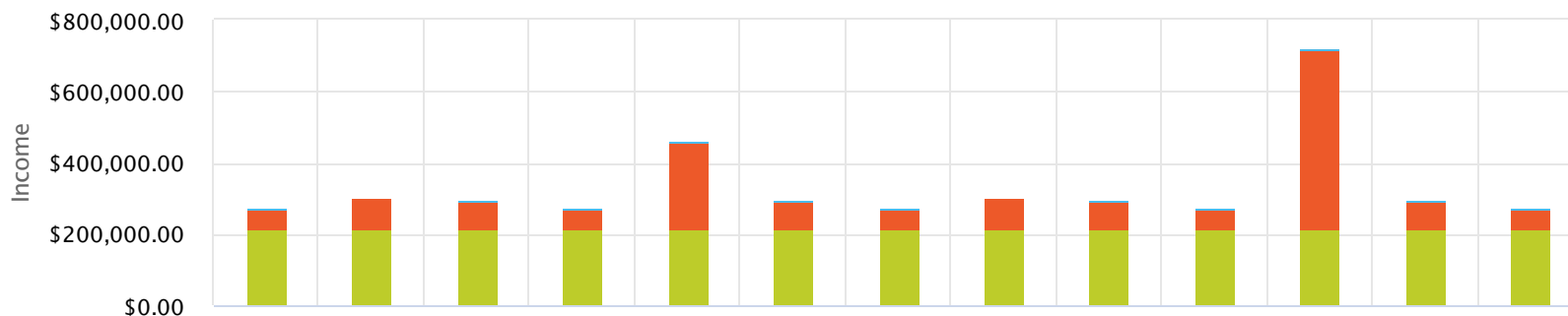
	% of Fixed Income & Preferreds 02/02/2024	Total Value (\$) 02/02/2024	% of Portfolio 02/02/2024
Short Term Fixed Income	22.4	13,853,383.61	8.7
Short Term Govt/Corp	16.8	10,390,037.71	6.6
Short Term Securitized	5.6	3,463,345.90	2.2
US Fixed Income Taxable	41.1	25,396,874.05	16.0
US Taxable Core	41.1	25,396,874.05	16.0
Global Fixed Income Other	36.5	22,532,692.01	14.2
Global Fixed Income Other	36.5	22,532,692.01	14.2
TOTAL FIXED INCOME & PREFERREDS	100.0	61,782,949.67	39.0

PROJECTED 12 MONTH INCOME SUMMARY

TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

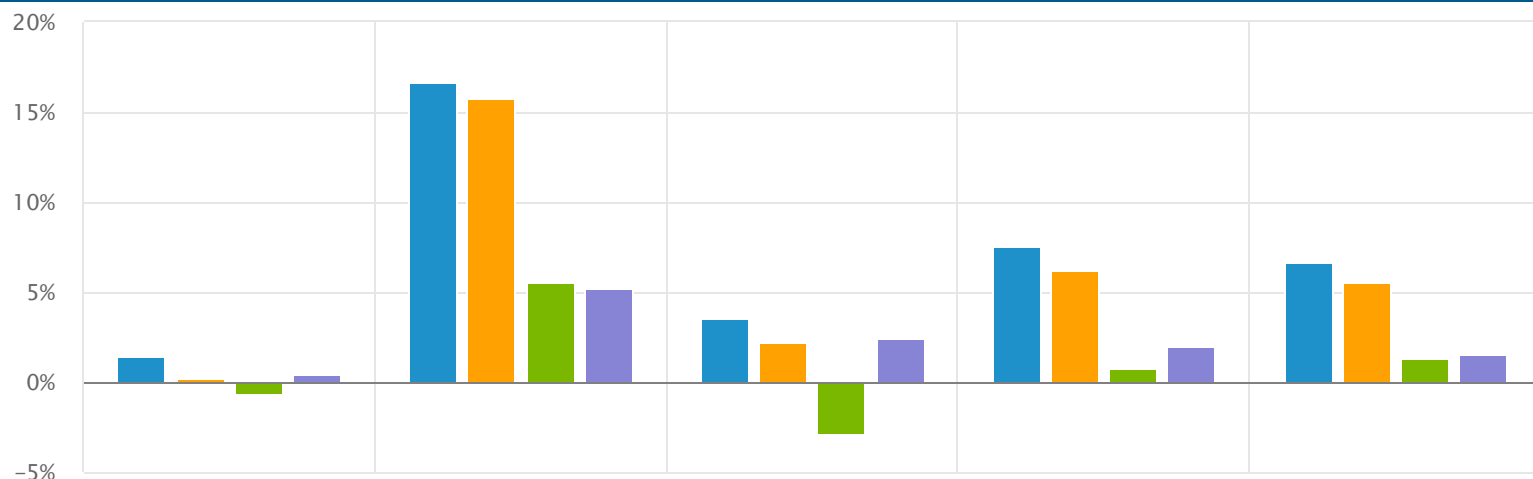
12 MONTH INCOME SUMMARY



Asset Class	Total Value (\$) 02/02/2024	02/03/24 to 02/29/24 (\$)	Projected Income (\$) (03/01/24 - 02/28/25)												% Yield		
			Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb		Total	
Cash	4,163,834	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	27,963	0.67
Equities	80,401,746	55,986	86,537	78,159	55,986	244,365	78,159	55,986	86,537	78,159	55,986	503,146	78,159	55,986	55,986	1,457,164	1.81
Fixed Income & Preferreds	61,782,950	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	2,587,417	4.19
Structured Investments	12,011,973	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	158,360,502	273,934	304,485	296,107	273,934	462,313	296,107	273,934	304,485	296,107	273,934	721,094	296,107	273,934	4,072,544	2.57	

Projected Income is calculated only for holdings where data is available. In instances whereby payment frequency and/or last payment date is not available, income is based on the current dividend or coupon rate, and will be displayed in the Total column only.

RETURN % (NET OF FEES) VS. BENCHMARKS (ANNUALIZED)



	Quarter to Date 12/31/23 - 02/02/24	Previous Year 12/31/22 - 12/29/23	Last 3 Years 02/28/21 - 02/02/24	Last 5 Years 02/28/19 - 02/02/24	Performance Inception 06/09/15 - 02/02/24
Beginning Total Value (\$)	156,233,165.52	127,186,039.81	122,835,871.52	82,954,720.24	38,680,482.15
Net Contributions/Withdrawals (\$)	-52,754.10	7,271,024.67	20,092,446.71	32,675,073.74	63,554,055.31
Investment Earnings (\$)	2,179,785.75	21,776,101.05	15,431,878.95	42,730,403.20	56,125,659.71
Ending Total Value (\$)	158,360,197.17	156,233,165.52	158,360,197.17	158,360,197.17	158,360,197.17
Return % (Net of Fees)	1.40	16.70	3.56	7.56	6.63
TN TSBA Composite (%)	0.21	15.81	2.19	6.22	5.51
Bloomberg US Aggregate (%)	-0.66	5.53	-2.89	0.78	1.36
90-Day T-Bills (%)	0.50	5.26	2.47	1.96	1.51

POSITIONS TIME WEIGHTED PERFORMANCE DETAIL

TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

RETURN % (GROSS OF FEES) (ANNUALIZED)

Product/ Security Description ▲	Account Number	Performance Inception Date	Ending Total Value (\$)	Year to Date (%) 12/31/23 - 02/02/24	Previous Year (%) 12/31/22 - 12/29/23	% of Portfolio
Total Portfolio (Gross of Fees)		06/09/2015	158,360,197.17	1.41	16.89	100.00
<i>TN TSBA Composite</i>				0.21	15.81	
Stock / Options						
CITI PLUS SPX 24JN05(SPIEK)	Multiple	11/16/2022	1,383,993.80	1.88	19.67	0.87
GS PLUS SPX 24FB05(SQFDJ)	Multiple	07/30/2021	1,511,389.20	1.84	24.86	0.95
GS PLUS SPX 24MY03(SQFSK)	Multiple	10/29/2021	1,624,843.95	3.69	24.43	1.03
GS PLUS SPX 25MH05(SPHQW)	Multiple	08/31/2022	1,557,344.10	1.90	21.09	0.98
MS PLUS SPX 24AU05(SQGIS)	Multiple	01/31/2022	1,483,047.50	2.43	23.31	0.94
Exchange Traded/ Closed End Funds						
ISHARES CORE MSCI EAFE ETF(IEFA)	Multiple	11/28/2018	5,591,122.08	-0.53	17.95	3.53
ISHARES CORE S&P U.S. GROWTH(IUSG)	Multiple	11/28/2018	4,458,654.18	6.37	29.14	2.82
ISHARES CORE S&P U.S. VALUE(IUSV)	Multiple	11/28/2018	4,322,081.46	0.78	21.64	2.73
PACER US SML CAP CASH COWS ETF(CALF)	Multiple	11/28/2023	7,464,208.80	-0.65	-	4.71
Mutual Funds						
AMERICAN EUROPACIFIC GRW F2(AEPFX)	Multiple	07/14/2015	7,110,899.07	0.48	15.93	4.49
BLACKROCK HIGH EQ INCOME INST(BMCIX)	Multiple	09/02/2015	9,963,140.40	0.43	9.99	6.29
DWS SMALL CAP CORE S(SSLCX)	Multiple	02/20/2018	1,213,619.89	-1.09	13.08	0.77
JOHN HANCOCK DISPLND VAL INST(JVLIX)	Multiple	07/24/2018	10,272,840.48	2.30	13.83	6.49
OAKMARK FUND INSTITUTIONAL(OANMX)	Multiple	07/12/2021	8,905,478.14	1.36	31.15	5.62
PERFORMANCE TRUST STRAT BD I(PTIAX)	Multiple	01/26/2021	22,532,692.00	0.29	7.62	14.23
PGIM JENNISON GROWTH Z(PJFZX)	Multiple	09/02/2015	15,317,148.59	8.54	53.10	9.67
PGIM SHORT-TERM CORP BOND Z(PIFZX)	Multiple	09/02/2015	13,853,383.61	0.22	7.08	8.75

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals. Position level performance detail is only available since 12/31/2014.

POSITIONS TIME WEIGHTED PERFORMANCE DETAIL

TSBA OPEB TRUST

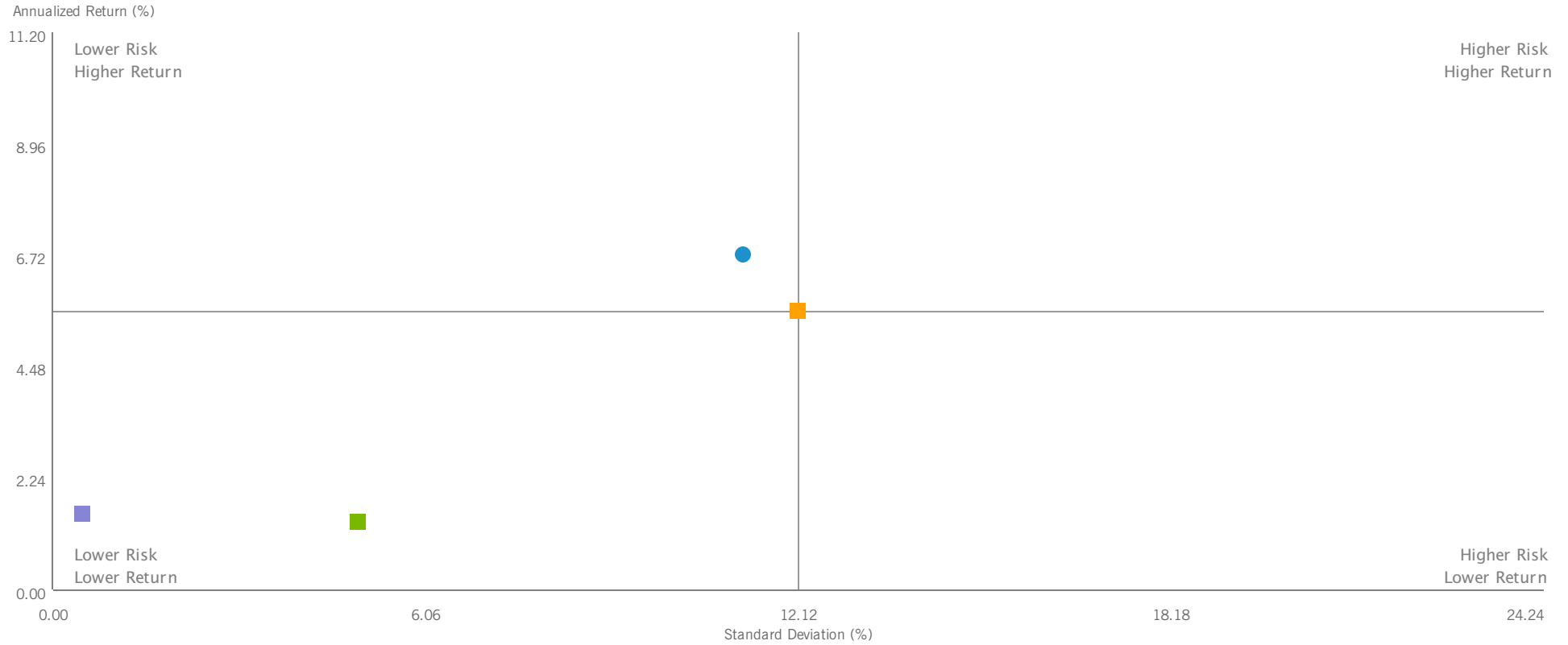
As of February 02, 2024 | Reporting Currency: USD

RETURN % (GROSS OF FEES) (ANNUALIZED) (Continued)

Product/ Security Description ▲	Account Number	Performance Inception Date	Ending Total Value (\$)	Year to Date (%) 12/31/23 - 02/02/24	Previous Year (%) 12/31/22 - 12/29/23	% of Portfolio
PGIM TOTAL RETURN BOND Z(PDBZX)	Multiple	04/06/2023	25,396,874.05	-0.26	-	16.04
THORNBURG INTL GROWTH I(TINGX)	Multiple	09/02/2015	5,782,552.43	2.19	18.44	3.65
Corporate Fixed Income						
GS PLUS SPX 00000 26AP06	471-XXX393	09/15/2023	30,629.80	0.95	-	0.02
GS PLUS SX5E 00000 26AU05	Multiple	01/31/2024	1,429,000.00	0.00	-	0.90
GS PLUS SX5E 00000 26JN03	Multiple	11/30/2023	1,475,197.00	0.46	-	0.93
JPM PLUS SPX 00000 26JA06	Multiple	06/30/2023	1,516,527.50	2.36	-	0.96
Cash, MMF and Bank Deposits						
BANK DEPOSIT PROGRAM(BDPS)	Multiple	06/18/2015	5,592,529.14	-	-	3.53
Cash(0000MONEY)	Multiple	06/17/2015	-1,429,000.00	-	-	-0.90

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals. Position level performance detail is only available since 12/31/2014.

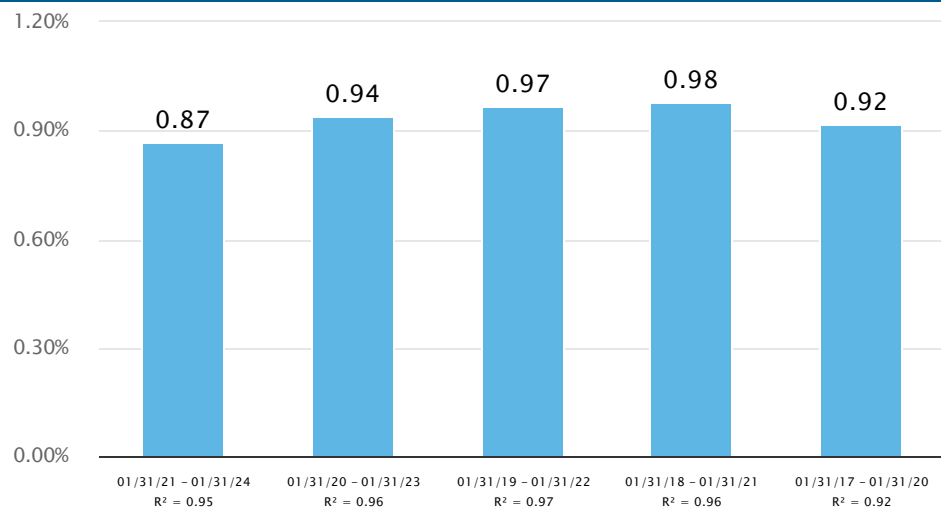
RETURN % (NET OF FEES) AND VOLATILITY VS. BENCHMARKS



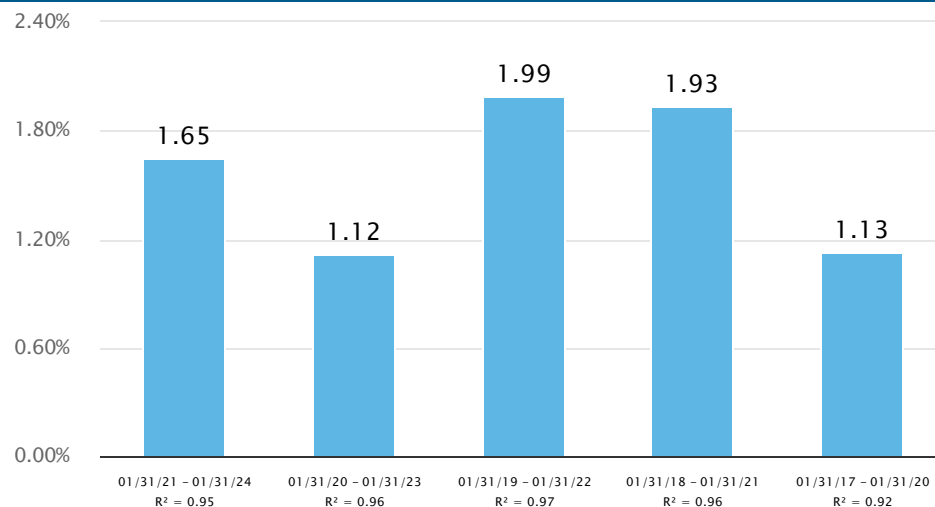
	Return % (Net of Fees) 06/30/15-02/02/24	Standard Deviation (%) 06/30/15-02/02/24
● Portfolio	6.74	11.22
■ TN TSBA Composite	5.60	12.12
■ Bloomberg US Aggregate	1.36	4.97
■ 90-Day T-Bills	1.52	0.48

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

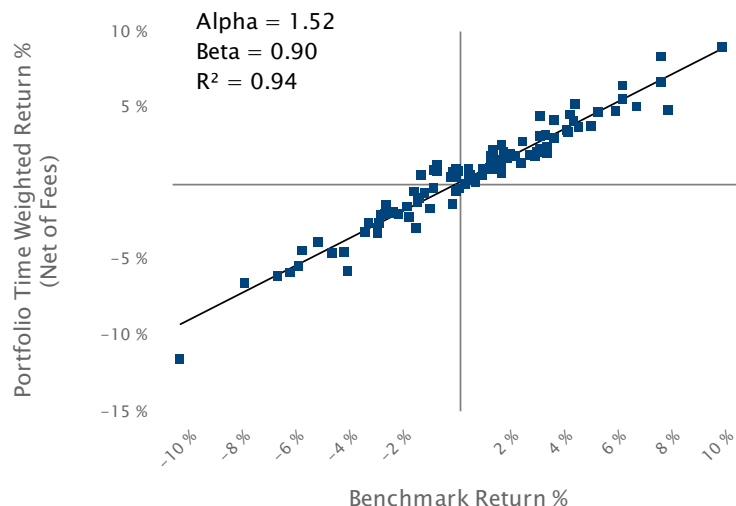
BETA - ROLLING PERIODS - TIME WEIGHTED RETURN %(NET OF FEES)



ALPHA - ROLLING PERIODS - TIME WEIGHTED RETURN %(NET OF FEES)



MONTHLY OBSERVATIONS SINCE 06/30/15 WITH SIMPLE REGRESSION LINE - TIME WEIGHTED RETURN %(NET OF FEES)



Alpha: Is a measure of a portfolio's time weighted net of fees return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Beta: Is a measure of the sensitivity of a portfolio's time weighted net of fees return against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

Modern Portfolio Theory: Seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk.

R²: Is a measure that indicates the extent to which fluctuations in a portfolio's time weighted net of fees return is correlated with the return of the general market. An R² of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: Both the benchmark and portfolio returns are adjusted by the return of the 90-day Treasury Bills to illustrate the excess return above the Risk Free Rate for each period.

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

Executive Summary

Bottom Line

- We are forecasting an economic soft-landing where nominal economic growth slows to roughly 3-4%, half the pace of 2023
- US Treasury rates are priced close to tactical fair value with 10-year yields to be 3.50-3.95% by Q4
- We expect the Fed to begin cutting in May-June timeframe and believe that current 90% odds that fed funds will be down 150bps by December are too ambitious
- We are forecasting US fixed income markets to compete with US stock index returns this year with both grinding out mid-single advances in the most likely cases

Key Considerations: Starting Points Matter

- US markets ended 2023 **technically extended**, having advanced nearly 15% in the last six weeks of the year; but remain below January 2022/November 2021 all-time highs
- **US equity valuations are rich** at more than 20x forward earnings and an equity risk premium of only 113bps
- Consensus expectations are ambitious presuming benign economic slowing, disinflationary re-acceleration in the growth in the second half, six rate cuts by the Fed, profit margin expansion and year over year earnings growth of 10%
- **US equity indices remain incredibly concentrated** in the Magnificent Seven; a reality that sets up significant risk given intra-cohort correlations to each other and to common factors
- Stock/bond correlations remain positive; undermining the diversification benefits of 60/40. Finding asset classes uncorrelated to interest rates is difficult
- Market positioning is complacent with the VIX back under 13, put/call ratios and short interest ratios low

Major Investment Controversies

- Path of inflation: Consensus has priced “mission accomplished” toward 2%. GIC believes inflation path is lumpy, and services inflation will remain sticky keeping the Fed vigilant and slower than forecast
- US labor markets: Consensus is pricing modest changes to unemployment. While we think labor markets are reasonably tight, Fed unlikely to cut aggressively without U-3 above 4%; US consumer weakens in 2024
- Market liquidity and financial conditions: Tailwinds and positive serendipity of 2023 abates; Fed moves to taper QT by April/May to offset US Treasury issuance and regional bank, CRE-related stresses
- Terminal policy rates: Consensus still expecting pre-COVID r-star of sub-1% real rates on 10-year. GIC believes 1.5-2% or pre-GFC levels are new normal. Higher for longer means lower valuation multiples
- Management execution and idiosyncratic risks: Rising tide of rate cuts unlikely to lift all boats. Navigation requires company specific skill. Prefer active stance. Equal weight over market cap weighted passive index

GIC Recommendations for Portfolio Positioning

- **Overall, we remain market to underweight global equities including US equities believing that risks remain.**
- **Our June 2024 S&P500 target price at 4500 incorporates a view that we will trade in a wide range from 4100-5100. That said, we are inclined to neutralize strong factor positionings. We are balancing exposures between defensives and cyclicals, growth and value and mega versus large/mid and small caps.**
- **Alternatively, we are remaining overweight fixed income, believing that a higher for longer regime creates opportunities to own better risk-adjusted returns in current coupons with the potential for capital gains if rates fade in 2024 as forecast. Munis and IG credit remain decent holds barbelled with short duration Treasuries.**
- **Outside the US, we prefer Japan based on improving growth and inflation dynamics there and the very cheap yen. We continue to also look for stock specific opportunities in Europe and beta opportunities in select EMs like India, Brazil, and Mexico.**
- **We also like alternatives in: hedge funds, infrastructure, commodities, residential real estate, and private credit.**
- **Remaining fully invested to your PERSONAL BENCHMARKS is the best strategy. DO NOT TRY TO MARKET TIME.**
- **Dollar cost averaging should be patient given potential risks in the near term. LONG-TERM STRATEGIC MONEY should always be deployed in LUMP sums.**

Source: Morgan Stanley Wealth Management GIC as of January 17, 2024. Equity risk premium is the excess return that an individual stock or the overall stock market provides over a risk-free rate. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time. R-star is the real short-term interest rate expected to prevail when an economy is at full strength and inflation is stable.

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

ACCOUNT(S) INCLUDED IN THIS REPORT

TSBA OPEB TRUST

Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT

Account Name	Account Number	Account Type/ Manager Name	Date Opened/ Date Closed	Perf Inception Date Perf (%) Incept - 02/02/24	Total Value (\$) 02/02/24	% of Portfolio 02/02/24
ARLINGTON CITY - Alternative Investment	471-XXX385	AAA	02/18/20 -	02/25/2020 3.46	342,085.92	0.22
ARLINGTON CITY BOE	471-XXX901	Consulting Group Advisor	06/17/15 -	06/18/2015 6.76	4,253,179.33	2.69
BARTLETT CITY - Alternative Investment	471-XXX383	AAA	02/18/20 -	02/25/2020 3.47	450,406.70	0.28
BARTLETT CITY BOE	471-XXX902	Consulting Group Advisor	06/17/15 -	07/01/2015 6.67	6,867,813.30	4.34
Collierville City - Alternative Invest.	471-XXX396	AAA	02/18/20 -	02/25/2020 3.53	188,312.62	0.12
COLLIERVILLE CITY BOE	471-XXX903	Consulting Group Advisor	06/17/15 -	07/01/2015 6.61	2,536,457.68	1.60
HICKMAN CO.	471-XXX866	Consulting Group Advisor	06/03/15 -	06/09/2015 6.79	2,671,176.82	1.69
Hickman Co. - Alternative Investment	471-XXX388	AAA	02/18/20 -	02/25/2020 3.66	233,612.49	0.15
JACKSON-MADISON	471-XXX864	Consulting Group Advisor	06/03/15 -	06/09/2015 6.78	486,822.64	0.31
JACKSON-MADISON - Alternative Investment	471-XXX403	AAA	02/18/20 -	02/25/2020 3.56	41,009.45	0.03
JOHNSON CO.	471-XXX869	Consulting Group Advisor	06/03/15 -	06/09/2015 6.78	1,348,283.55	0.85
JOHNSON CO. - Alternative Investment	471-XXX398	AAA	02/18/20 -	02/25/2020 3.68	115,472.10	0.07
Lakeland City - Alternative Investment	471-XXX393	AAA	02/18/20 -	02/25/2020 3.54	227,169.78	0.14
LAKELAND CITY BOE	471-XXX900	Consulting Group Advisor	06/17/15 -	06/18/2015 6.53	2,919,768.48	1.84
MILLINGTON	471-XXX583	Consulting Group Advisor	07/05/16 -	07/07/2016 7.70	370,444.03	0.23
MILLINGTON - Alternative Investment	471-XXX409	AAA	02/18/20 -	02/25/2020 3.44	30,369.79	0.02
SHELBY CO.	471-XXX863	Consulting Group Advisor	06/03/15 -	06/09/2015 6.73	124,894,311.03	78.87

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ACCOUNT(S) INCLUDED IN THIS REPORT

TSBA OPEB TRUST

Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT (Continued)

Account Name	Account Number	Account Type/ Manager Name	Date Opened/ Date Closed	Perf Inception Date Perf (%) Incept - 02/02/24	Total Value (\$) 02/02/24	% of Portfolio 02/02/24
SHELBY CO. - Alternative Investment	471-XXX380	AAA	02/18/20 -	02/25/2020 4.58	10,383,806.33	6.56
Morgan Stanley Wealth Management Total					158,360,502.04	100.00
Total Portfolio					158,360,502.04	100.00

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. All content within this Document applies to the accounts listed above or a subset thereof, unless otherwise indicated. The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

DISCLOSURES

Explanatory Notes and Disclosures: This document is designed to assist you and your Financial Advisor in understanding portfolio positions, composition and subsets thereof. It is designed solely for your individual use, is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Do not take action relying on this information without confirming its accuracy and completeness. Please read carefully all accompanying notes and disclosures provided in this Document.

For convenience purposes, your Financial Advisor may have assigned a designated name for this Document. The list of the accounts covered in this document is noted herein and may not include all of your accounts with us or external custodians. Furthermore, the information included in this document may not include all asset classes/securities/liabilities held by you at the firm or external custodians. Please review this document carefully and discuss any questions you may have with your Financial Advisor. If you do not understand an entry, suspect an error, or want more details on current values or other information, contact your Financial Advisor. This document is based upon your Morgan Stanley account holdings and may include other holdings/information that you or a third party provided about assets custodied elsewhere. Morgan Stanley will not verify any other holdings/information. If any information reflects assets held away from Morgan Stanley that will be indicated. The information contained in this document is subject to, and does not supersede the confirmations and account statements you receive from us. Values shown in your official account statement may differ from the values shown in this document due to, among other things, different reporting methods, delays, market conditions and interruptions. If there are discrepancies between your official account statement and this document, rely on your official account statement.

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Money Market Fund: You could lose money in Money Market Funds (MMFs). 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.

AAA Accounts: The Active Assets Account is a brokerage account offered through Morgan Stanley Smith Barney LLC.

Consulting Group Advisory Accounts: Consulting Group is a business of Morgan Stanley Smith Barney LLC.

Important Regulation Best Interest Information: 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 brokerage account(s) or deliver future reports.

Residential Mortgage loan information is excluded from this report. Please contact your Morgan Stanley team for more information.

Additional information about your Floating Rate Notes: For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

Important Information About Auction Rate Securities: For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated as not available by a dash "-". There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

Important Pricing Information: Prices of securities not actively traded may not be available, and are indicated by a dash "-". Account values are based on the most recent security pricing available and may be prior to the date of this material.

Asset Classification: We classify assets based on general characteristics such as: income generation, underlying capital structure, or exposure to certain market sectors. As many assets contain

characteristics of more than one asset class, allocations may be under or over inclusive. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes. In addition, the Other asset class contains securities that are not included in the various asset class classifications. This can include, but is not limited to, non-traditional investments such as some Equity Unit Trusts, Index Options and Structured Investments issued outside of Morgan Stanley. Additionally, investments for which we are unable to procure market data to properly classify them will appear in the Other category.

Additional information about your Structured Products: Structured Investments are complex products and may be subject to special risks, which may include, but are not limited to: loss of initial investment; issuer credit risk and price volatility resulting from any actual or anticipated changes to issuer's and/or guarantor's credit ratings or credit spreads; limited or no appreciation and limits on participation in any appreciation of underlying asset(s); risks associated with the underlying reference asset(s); no periodic payments; call prior to maturity; early redemption fees for market linked deposits; lower interest rates and/or yield compared to conventional debt with comparable maturity; unique tax implications; limited or no secondary market; and conflicts of interest due to affiliation, compensation or other factors which could adversely affect market value or payout to investors. Investors also should consider the concentration risk of owning the related security and their total exposure to any underlying asset.

Performance: 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, dividends, interest and income. Depending on the opening or closing date of the account or position, the performance referenced may be for a portion of the time period identified. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Financial Advisor for up-to-date performance information. Past performance is not a guarantee of future results. Quotations of performance appearing in this report may include performance experienced in legacy accounts which have been closed and purged, and as such are not included on the Accounts Included in This Report page.

Market values used for performance calculation do not include Performance Ineligible Assets and thus may differ from asset allocation market values. Common examples of Performance Ineligible Assets include life insurance and annuities as well as Manually Added and External accounts, assets and liabilities.

Unless otherwise indicated, performance is an aggregated composite calculation of the entire portfolio and may include brokerage and investment advisory accounts as well as assets for different accounts included in this report. The accounts included in the composite may have (or have had) different investment objectives and strategies, been subject to different restrictions, and incurred different types of fees, markups, commissions and other charges. Accordingly, performance results may blend the performance of assets and strategies that may not have been available in all of the accounts at all times during the reporting period. In addition, accounts in the composite may have changed from brokerage to advisory or vice versa. Accounts may also have moved from one advisory program to another (including from a discretionary program to a non-discretionary program).

For Morgan Stanley Smith Barney LLC accounts, performance information may cover the full history of the account(s) or just the performance of an account(s) since the inception of the current program(s). Performance results on individual accounts will vary and may differ from the composite returns. Your Financial Advisor can provide you with individual account portfolio composition and performance information. For investment advisory accounts, please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 or applicable disclosure brochure. For brokerage accounts, please speak to your Financial Advisor for more information on commissions and other account fees and expenses. Performance inception date does not necessarily correspond to the account opening date. Where multiple accounts are included in performance calculations, the inception date is the oldest performance inception. Performance data may not be available for all periods as some accounts included in performance may have more recent performance inception dates. Consequently, the actual performance for a group of accounts may differ from reported performance. Please ask your Financial Advisor for the performance inception date for each account.

Sub Account and Security Level Performance: The performance return methodology described above and in the TWR and IRR definitions applies to both Account Level and Sub-Account (e.g. Asset Class or Security level) performance returns. The inputs consist of market values and net flows.

For example, TWR is calculated by taking the Change in Market Value (Ending MV – Beginning MV) less any net flows, divided by the beginning MV. $TWR = (Ending\ MV - Beginning\ MV - Net\ Flows) / Beginning\ MV$

The difference lies in what is or is not included in the Market Values and Flows. For account level performance, the total account market values and all flows within the account are taken into account. For sub-account level performance, only those market values and flows associated with the specific securities included are taken into account.

Flows that are not security specific typically include account advisory fees, cash contributions or withdrawals, and any other flows that are not attributed to a specific security.

Flows that are security specific including purchases, sales, dividends, interest, partnership distributions, return of capital, fund sales charges, security transaction fees, and ongoing fund expenses are typically reflected in the security level returns.

Gross of Fees: The impact of program fees can be material. These program fees are deducted based on your billing cycle and may have a compounding effect on performance. As fees are deducted periodically throughout the year, the compounding effect may increase the impact of the fees by an amount directly related to the gross account performance.

Indices: 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

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investment objective(s) associated with the account(s). In some circumstances, the benchmark index may not be an appropriate benchmark for use with the specific composite portfolio. For instance, an index may not take into consideration certain changes that may have occurred in the portfolio since the inception of the account(s), (e.g., changes from a brokerage to an advisory account or from one advisory program to another, asset class changes, or index changes for individual managers). The volatility of the index used for comparison may be materially different from that of the performance shown. 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. Please see the Benchmark Definitions section of this material for additional information on the indices used for comparison.

Performance Inception Month End: Performance Inception Month End refers to performance calculated from the end of the month in which the accounts became eligible for performance. Calculating performance from the Performance Inception Month End allows for a comparison to be made to appropriate benchmarks. Performance Inception Month End does not necessarily correspond to the account opening date.

Projected 12 Month: Projected 12 Month Income is based upon cash income from interest, cash dividends, and partnership distributions. It is a hypothetical projection calculated using current yields. The projected income referenced is based upon certain market projections effective as at today's date only and can change at any time. Such projected income is hypothetical, do not reflect actual investment results, and is not a guarantee of future results. The projected income is referenced for illustrative purposes only. Morgan Stanley does not represent or guarantee that the projected income referenced will or can be attained. The actual income may be lower or higher than the projections based upon a variety of factors and assumptions. The projected income shown may under or over compensate for the impact of actual market conditions and other factors. We make no representation or warranty as to the reasonableness of the assumptions made, or that all assumptions used to construct this projected income information have been stated or fully considered. To the extent that the assumptions made do not reflect actual conditions, the illustrative value of the hypothetical projected income will decrease. The projected income referenced may include income from Morgan Stanley & Co. and External Accounts, where data is available. Such information was obtained from third party sources which Morgan Stanley believes to be reliable. However, we make no representation or guarantee that the information is accurate or complete. You should not rely upon this information to make any investment decision. Please refer to the official account statements and performance reports you received from your custodian and/or financial institution for information about projected income in your External Accounts. The projected income referenced does not include income from assets in Manually Added External Accounts.

Bank Deposit Program: Under the Bank Deposit Program, free credit balances held in an account(s) at Morgan Stanley Smith Barney LLC are automatically deposited into an interest-bearing deposit account(s), at FDIC-insured banks. For more information, view the Bank Deposit Program Disclosure Statement: https://www.morganstanley.com/content/dam/msdotcom/en/wealth-disclosures/pdfs/BDP_disclosure.pdf.

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.

The sole purpose of this material is to inform, and it in no way is intended to be an offer or solicitation to purchase or sell any security, other investment or service, or to attract any funds or deposits. Investments mentioned may not be appropriate for all clients. Any product discussed herein may be purchased only after a client has carefully reviewed the offering memorandum and executed the subscription documents. Morgan Stanley Wealth Management has not considered the actual or desired investment objectives, goals, strategies, guidelines, or factual circumstances of any investor in any fund(s). Before making any investment, each investor should carefully consider the risks associated with the investment, as discussed in the applicable offering memorandum, and make a determination based upon their own particular circumstances, that the investment is consistent with their investment objectives and risk tolerance. 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 your specific investment objectives and financial position, may not be appropriate for you. Please see the Morgan Stanley Smith Barney LLC program disclosure brochure (the "Morgan Stanley ADV") for more information in the investment advisory programs available. The Morgan Stanley ADV is available at www.morganstanley.com/ADV.

Sources of Data. Information in this material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third-party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data. All opinions included in this material constitute the Firm's judgment as of the date of this material and are subject to change without notice. This material was not prepared by the research departments of Morgan Stanley & Co. LLC or Morgan Stanley Smith Barney LLC. Some historical figures may be revised due to newly identified programs, firm restatements, etc.

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/cqcm>. 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.

Virtual Currency Products (Cryptocurrencies)

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 trafficking, 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 off 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.

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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

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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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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.

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GENERAL DEFINITIONS

Alpha: Is a measure of a portfolio's time weighted net of fees return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Annualized Standard Deviation: A statistical calculation that measures the volatility of returns over time; the larger the standard deviation, the greater the volatility.

Beta: Is a measure of the sensitivity of a portfolio's time weighted net of fees return against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

CCY: Represents the currency of the underlying instrument. Currency is a medium of exchange for goods and services.

TSBA OPEB TRUST

Prepared on February 05, 2024 | Reporting Currency: USD

Dollar-Weighted Return (Internal Rate of Return): A return calculation that measures the actual performance of a portfolio over the reporting period. Since dollar weighted returns include the impact of client contributions and withdrawals, they should not be compared to market indices or used to evaluate the performance of a manager, but can be used to evaluate progress toward investment goals.

Graph Notes: Both the benchmark and portfolio returns are adjusted by the return of the 90-day Treasury Bills to illustrate the excess return above the Risk Free Rate for each period.

Gross of Fees: Performance results depicted as "gross" of fees do not reflect the deduction of any wrap fee, investment management fee, trade commissions, and/or other account fees. Your actual returns are lower after deducting these expenses. 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.

Investment Earnings: A combination of the income received and total portfolio value increase or decrease, excluding net contributions and withdrawals, over the reporting period.

Modern Portfolio Theory: Seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk.

Net Contributions/Withdrawals: The net value of cash and securities contributed to or withdrawn from the account(s) during the reporting period. Net contributions and withdrawals may include advisory fees for advisory accounts.

Net of Fees: Performance results depicted as "net" of fees shall mean that any wrap fee, investment management fees, trade commissions, and/or other account fees have been deducted. Any other fees or expenses associated with the account, such as third party custodian fees, may not have been deducted. 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.

Performance ineligible assets: Performance returns are not calculated for certain assets because accurate valuations and transactions for these assets are not processed or maintained by Morgan Stanley Smith Barney LLC. Common examples of Performance Ineligible Assets include liabilities, life insurance and annuities as well as Manually Added and External accounts for which Morgan Stanley does not receive data necessary to calculate performance.

R²: Is a measure that indicates the extent to which fluctuations in a portfolio's time weighted net of fees return is correlated with the return of the general market. An R² of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Tax-Qualified Account(s): Accounts that qualify for favorable tax treatment under US federal tax law and may benefit from favorable tax treatment under applicable state tax law. Typically, these accounts benefit from tax deferred growth potential, meaning investment earnings (such as capital gains, dividends, and interest) are generally not subject to federal income tax while the earnings remain in the account. Capital gains rates generally do not apply. Distributions of taxable amounts are generally subject to ordinary income tax and, if made before age 59 1/2, may be subject to a 10% (25% for certain SIMPLE IRA distributions) penalty tax. Some tax-qualified accounts, such as traditional Individual Retirement Accounts ("IRA") and employer sponsored retirement plan accounts, may allow tax deductible and/or pre-tax contributions (subject to certain limitations and restrictions). Other tax-qualified accounts, such as Roth IRAs and Coverdell Education Savings Accounts, may allow income tax free distributions, but only if certain conditions are satisfied.

Taxable Account(s): Accounts that are not Tax-Qualified Account(s), meaning investment earnings (such as capital gains, dividends, and interest) are generally subject to current US federal income taxation when held by US taxable investors. Note, however, that this category may include specific assets that are generally not subject to US federal income tax such as municipal bonds.

Time-Weighted Return: A return calculation that measures the investment performance of a portfolio over the reporting period. Time weighted returns do not include the impact of client contributions and withdrawals and therefore, may not reflect the actual rate of return the client received. Time weighted returns isolate investment actions and can be compared to benchmarks and used to evaluate the performance of a manager.

Total Cost: The sum of all costs incurred by a firm in producing a certain level of output.

Total Value: "Total Value" represents the Market Value of the portfolio or Asset Class referenced and includes the accrual of interest and dividends. Total Value in the Asset Allocation view prior to January 2024, does not reflect the accrual of interest and dividends. Total Value for Morgan Stanley & Co. and External accounts also does not include accrued interest and dividends.

BENCHMARK DEFINITIONS

TN TSBA Composite: The current allocation is comprised of 50.00% MSCI AC World Net, 15.00% MSCI EAFE Net, 25.00% Bloomberg Global Aggregate 1-3 Y, 10.00% MSCI EM Net.

90-Day T-Bills: Equal dollar amounts of three-month Treasury bills are purchased at the beginning of each of three consecutive months. As each bill matures, all proceeds are rolled over or reinvested in a new three-month bill. The income used to calculate the monthly return is derived by subtracting the original amount invested from the maturity value. The yield curve average is the basis for calculating the

TSBA OPEB TRUST

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return on the index. The index is rebalanced monthly by market capitalization. The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

MSCI AC World Net: The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkiye, and United Arab Emirates (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI EAFE Net: The MSCI EAFE Index -Europe, Australasia, Far East - is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI EM Net: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkiye, and United Arab Emirates (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Bloomberg Global Aggregate 1-3 Yr: The Bloomberg Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. This index is the 1-3 Yr component of the Global Aggregate index.

Bloomberg US Aggregate: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).



**OPEB Trust Meeting
Franklin Marriott Cool Springs
Appaloosa Room
Tuesday, February 13, 2024**

AGENDA

7:00 a.m.	Call to Order	Wright Cox, Chairman
7:02 a.m.	Approval of Agenda	
7:04 a.m.	Approval of November 18, 2023 Minutes	
7:06 a.m.	Approval of 6-month Financial Statements (December 31, 2023)	Dr. Tammy Grissom, Trust Administrator
7:10 a.m.	Report of Activities and Fiscal Condition of the Trust	
7:13 a.m.	Approval of Proposed Policy Changes <ul style="list-style-type: none">• 1020 – Board of Trustees’ Meeting Procedures• 3030 – Depository for Trust Funds• 3070 – Trust Travel Regulations	
7:15 a.m.	Review Investment Policy	
7:25 a.m.	Investment Report	Chris Sigmund, Morgan Stanley
7:45 a.m.	Public Comment	
7:55 a.m.	Other Business	
8:00 a.m.	Adjourn	

**Tennessee School Boards Association
OPEB Trust Meeting
Gaylord Opryland Resort and Convention Center
Lincoln B
November 18, 2023**

The TSBA OPEB Trustees met on Saturday, November 18, 2023. The following members were present: **Dr. Dale Viox**, Arlington; **Kevin Woods**, Memphis-Shelby County (via conference call); **Wright Cox**, Collierville; **Candy Morgan**, Maryville; **Chris Denson**, Millington; and **Dr. Tammy Grissom**, Trust Administrator. TSBA staff member present was **Emily Warren**. The following were also in attendance: **Tim Hobbs**, Hickman County; **David Cook**, Bartlett; **David Stephens**, Bartlett; **Chris Sigmund** with Morgan Stanley; and **Erica Saeger** with Crosslin.

Dr. Dale Viox called the meeting to order at 7:15 a.m. and welcomed everyone.

DENSON/COX: Motion to approve the agenda. MOTION CARRIED.

COX/DENSON: Motion to approve February 17, 2023 Minutes. MOTION CARRIED.

COX/DENSON: Motion to accept the 3-month Financial Statements (September 30, 2023). MOTION CARRIED.

Dr. Tammy Grissom, the Trust Administrator, reported on the activities and fiscal condition of the Trust. She noted that no new members had joined the OPEB Trust, and no members had recently withdrawn funds from the OPEB Trust. Dr. Grissom spoke to the different ways that the OPEB Trust has been promoted to TSBA membership and reiterated the importance of every school district understanding their OPEB liabilities.

Emily Warren, TSBA Staff Attorney, reported that there were no proposed changes to the OPEB Trust Bylaws at this time.

DENSON/COX: Motion to approve proposed policy change to OPEB Trust Policy 1010 – Board of Trustees’ Meetings. MOTION CARRIED.

Erica Saeger with Crosslin reviewed the June 30, 2023 OPEB Trust Audit. There was no discussion or questions as to the contents of the audit.

COX/DENSON: Motion to approve the June 30, 2023 OPEB Trust Audit. MOTION CARRIED.

Chris Sigmund with Morgan Stanley reported on the financial stability of the OPEB Trust and the performance of the Trust’s investments in the current economy. He stated that the Trust is performing within the fiduciary guidelines as set forth by the investment policy. He went into detail as to the current trend of the market as well as future projections for the Trust.

COX/DENSON: Motion to approve the appointments of the following Trustees: David Cook, Bartlett; and Tim Hobbs, Hickman County. MOTION CARRIED.

VIOX/DENSON: Motion to elect Wright Cox as Chairman. MOTION CARRIED.

MORGAN/COOK: Motion to elect Tim Hobbs as Vice-Chairman. MOTION CARRIED.

There were no individuals present who wished to speak during the public comment portion of the meeting.

The meeting adjourned at 8:15 a.m.

Respectfully submitted,

Dr. Dale Viox, Chairman

Dr. Tammy Grissom, OPEB Trust Administrator

TSBA OPEB Trust
Balance Sheet
As of December 31, 2023

	Dec 31, 23
ASSETS	
Current Assets	
Checking/Savings	
1000-00 · Suntrust Operating Account	5,654.50
Total Checking/Savings	5,654.50
Other Current Assets	
1300-00 · Investments	
1300-10 · Hickman County Investments	2,863,257.17
1300-20 · Johnson County Investments	1,442,780.61
1300-30 · Shelby County Investments	133,287,546.73
1300-50 · Jackson-Madison Investments	520,280.35
1300-60 · Arlington Investments	4,528,815.84
1300-70 · Bartlett Investments	7,212,559.11
1300-80 · Collierville Investments	2,685,585.09
1300-90 · Lakeland Investments	3,100,695.45
1300-95 · Millington Investments	395,078.72
Total 1300-00 · Investments	156,036,599.07
Total Other Current Assets	156,036,599.07
Total Current Assets	156,042,253.57
TOTAL ASSETS	156,042,253.57
LIABILITIES & EQUITY	
Equity	
3200-00 · Unrestricted Net Assets	146,681,792.48
Net Income	9,360,461.09
Total Equity	156,042,253.57
TOTAL LIABILITIES & EQUITY	156,042,253.57

TSBA OPEB Trust
Profit & Loss
 July through December 2023

	Jul - Dec 23
Income	
4300-00 · Contributions	
4300-20 · Contributions - Johnson County	25,000.00
Total 4300-00 · Contributions	25,000.00
4400-00 · Unrealized Gain/Loss	
4400-10 · Unrealized Gain/Loss - Hickman	107,316.82
4400-20 · Unrealized Gain/Loss - Johnson	53,505.91
4400-30 · Unrealized Gain/Loss - Shelby	4,948,889.19
4400-50 · Unrealized Gain/Loss - JMadison	19,394.58
4400-60 · Unrealized Gain/Loss - Arlingto	167,241.13
4400-70 · Unrealized Gain/Loss - Bartlett	270,614.18
4400-80 · Unrealized Gain/Loss - Collierv	98,684.30
4400-90 · Unrealized Gain/Loss - Lakeland	113,533.32
4400-91 · Unrealized Gain/Loss - Millingt	14,682.99
Total 4400-00 · Unrealized Gain/Loss	5,793,862.42
4500-00 · Interest, Dividends&Capital Gn	
4500-10 · Interest, Div., & CG - Hickman	68,584.62
4500-20 · Interest, Div., & CG - Johnson	34,639.91
4500-30 · Interest, Div., & CG - Shelby	3,211,156.34
4500-50 · Interest, Div., & CG - JMadison	12,495.90
4500-60 · Interest, Div., & CG - Arlingto	109,639.25
4500-70 · Interest, Div., & CG - Bartlett	176,157.00
4500-80 · Interest, Div., & CG - Collierv	65,427.31
4500-90 · Interest, Div., & CG - Lakeland	75,725.99
4500-91 · Interest, Div., & CG - Millingt	9,487.42
Total 4500-00 · Interest, Dividends&Capital Gn	3,763,313.74
4800-00 · Interest Income	0.30
Total Income	9,582,176.46
Expense	
6400-00 · Administrative Fee	
6400-10 · Administrative Fee - Hickman	3,318.64
6400-20 · Administrative Fee - Johnson	1,656.94
6400-30 · Administrative Fee - Shelby	74,634.04
6400-50 · Administrative Fee - J. Madison	603.13
6400-60 · Administrative Fee - Arlington	5,249.72
6400-70 · Administrative Fee - Bartlett	8,356.48
6400-80 · Administrative Fee - Colliervil	3,113.01
6400-90 · Administrative Fee - Lakeland	3,594.60
6400-91 · Administrative Fee - Millington	458.05
Total 6400-00 · Administrative Fee	100,984.61
6500-00 · Investment Advisor Fees	
6500-10 · Investment Advisor Fees - Hickm	2,192.90
6500-20 · Investment Advisor Fees - Johns	1,104.40
6500-30 · Investment Advisor Fees - Shelb	102,985.87
6500-50 · Investment Advisor Fees - JMadi	399.71
6500-60 · Investment Advisor Fees - Arlin	3,520.02
6500-70 · Investment Advisor Fees - Bartl	5,697.20
6500-80 · Investment Advisor Fees - Colli	2,094.88
6500-90 · Investment Advisor Fees - Lakel	2,432.47
6500-91 · Investment Advisor Fees - Milli	303.31
Total 6500-00 · Investment Advisor Fees	120,730.76
Total Expense	221,715.37
Net Income	9,360,461.09

TSBA OPEB Trust

Descriptor Term: Board of Trustees' Meeting Procedures	Descriptor Code: 1020	Revised: DRAFT
	Rescinds: 1020	Previous Issued: 10/21/20

1 AGENDA PREPARATION

2 The agenda shall be prepared by the Trust Administrator in consultation with the Trust
3 Chairman.

4 Items of business may be suggested by any member system, any Trustee, or the Trust
5 Administrator. Inclusion of the item on the agenda shall be at the discretion of the Chairman and
6 Trust Administrator.

7 Requests to have items placed on the agenda shall be received twenty (20) days before the Board
8 is scheduled to convene. The full agenda, including support documents, shall be distributed two
9 (2) weeks in advance of each board meeting to allow Trustees adequate time to study agenda
10 material.

11 At the beginning of each meeting, the Board shall approve the agenda for the meeting, which
12 may involve the addition or deletion of items previously included on the agenda.

13 ORDER OF BUSINESS

14 The structure of a board meeting shall be as follows:

- 15 1. Call to Order;
- 16 2. Adoption of Agenda;
- 17 3. Approval of Minutes;
- 18 5. Report from the Trust Administrator;
- 19 6. Discussion and Action as needed on Agenda Items;
- 20 7. Public Comment;
- 21 8. Other Business; and
- 22 9. Adjournment.

1 MINUTES

2 The Trust Administrator shall be responsible for recording and maintaining the proceedings of
3 all board meetings. Draft copies of the previous minutes shall be distributed along with agenda
4 material for the succeeding meeting. Minutes shall contain the following:

- 5 1. Type of meeting;
- 6 2. Date, time, and place;
- 7 3. Names of those present;
- 8 4. Status of previous minutes;
- 9 5. All motions and their disposition;
- 10 6. All reports; and
- 11 7. Time of adjournment.

TSBA OPEB Trust

Descriptor Term: Depository for Trust Funds	Descriptor Code: 3030	Revised: DRAFT
	Rescinds: 3030	Previous Issued: 11/16/09

- 1 The current major depository for the TSBA OPEB Trust funds is ~~SunTrust Bank~~ Truist Bank.
- 2 The Board shall approve additional temporary depositories for special purposes as the need
- 3 arises.

TSBA OPEB Trust

Descriptor Term: Trust Travel Regulations	Descriptor Code: 3070	Revised: DRAFT
	Rescinds: 3070	Previous Issued: 02/18/19

1 Trust members and other authorized persons may claim travel reimbursements in accordance
2 with the following guidelines:

3 **REIMBURSABLE EXPENSES:** Limited to those that are actually and necessarily incurred in
4 connection with Trust business and reasonable in amount under all the circumstances.

5 **AIR AND RAIL TRAVEL** – Travelers should arrange for the most economical fare
6 available, consistent with circumstances. These are reimbursed at coach rate for the most
7 direct route.

8
9 **AUTO MILEAGE** – Auto mileage reimbursement rate will generally be fixed at the IRS
10 allowable rate. However, this rate will not become effective until the Trust publishes
11 travel regulations for that year. The rate specified on the travel voucher signed by the
12 Trustee will be used.

13
14 **TAXIS/LIMOS** – These are reimbursed at the actual cost. The less expensive mode is
15 requested. A receipt is preferred, if available. If a receipt is not available, a written
16 statement, including the trip destination and amount paid, will be required for
17 reimbursement.

18
19 **PARKING/TOLLS** – These are reimbursed at the actual cost. A receipt is required and
20 must show the date of travel, fee paid, and signature of Trustee.

21
22 **HOTEL/MOTEL** – These are reimbursed at the single occupancy rate unless
23 accompanied by his/her spouse when double occupancy rates will prevail. An itemized
24 hotel bill/receipt is required. Hotels/~~motels~~ are authorized one night before and/or one
25 night after a meeting, as travel conditions require. Each Trustee will be responsible for
26 any personal expenses billed to his/her room. (Honor bar, personal telephone calls,
27 movies, etc. are not allowable items.)

28
29 **MEALS** – These are reimbursed at actual and reasonable cost. All claims for meals
30 exceeding the allowable per diem rate must be accompanied by the original cash register

1 or credit card receipt.

2

3 **TIPS** – These are reimbursed at reasonable and actual cost for luggage and material
4 handling, etc. where they are not part of another specifically reimbursable expense (e.g.
5 tips to waiters and waitresses in restaurants).

6

7 **MISCELLANEOUS** – Miscellaneous expenses that are not included in another
8 specifically reimbursable expense are reimbursed at reasonable and actual cost. A receipt
9 is required.

10 **RECONCILIATION:** All expense claims must be submitted no later than thirty (30) days after
11 incurring them.

TSBA OPEB Trust

Descriptor Term: Investment	Descriptor Code: 3060	Revised: 10/21/20
	Rescinds: 3060	Previous Issued: 02/12/18

1 OBJECTIVES AND PERFORMANCE GOALS

2 The Trust's overall investment objective is to achieve a favorable total rate of return consistent
3 with prudent financial management. The goal is to meet stated financial needs of the Trust while
4 maintaining or increasing the real inflation adjusted value of the permanent funds for which the
5 Trust has been entrusted.

6 The performance of the Trust's financial assets and its investment managers will be monitored
7 on a quarterly basis. Portfolio asset allocation shall be reviewed at least annually. Individual
8 managers will be expected to exceed the performance of relevant market index benchmarks over
9 full market cycles. Risk-adjusted performance will also be measured against a peer group of
10 similar managers and evaluated over three (3) and five (5) year annualized time periods.

11 BOARD OF TRUSTEES

12 The Board of Trustees is responsible for overseeing the investments assets of the Trust and for
13 discharging its duties solely in the best interest of the Trust. These duties shall be discharged
14 with the care, skill, prudence, and diligence under the circumstances then prevailing that a
15 prudent man acting in a like capacity and familiar with such matters would use in the conduct of
16 an enterprise of a like character and with like aims. In addition, the Board of Trustees will
17 conduct a thorough review of any person or entity providing investment services to the Trust to
18 avoid any potential conflict of interest situations.

19 FINANCE COMMITTEE

20 The Board of Trustees will act as the Finance Committee. The duties of the Finance Committee
21 include, but are not limited to, the following:

- 22 1. Evaluating and selecting an investment consultant;
23
- 24 2. Developing investment objectives and performance measurement standards which are
25 consistent with the financial needs of the Trust and individual funds;

- 1 3. Periodically reviewing the policy guidelines, and if needed, making changes after
2 consideration of the advice and recommendations of the investment consultant and
3 others;
4
- 5 4. Determining an asset allocation strategy and investment management structure
6 designed to meet the Trust's investment objectives;
7
- 8 5. Evaluating and selecting investment managers;
9
- 10 6. Communicating investment objectives, portfolio guidelines, and performance
11 standards to the investment managers;
12
- 13 7. Holding biannual meetings for the review of performance reports and financial
14 statements and informational conference calls as needed;
15
- 16 8. Deploying existing assets and newly contributed funds to the investment managers;
17
- 18 9. Reviewing and evaluating investment results in the context of predetermined
19 performance standards;
20
- 21 10. Ensuring that investment managers are in compliance with all portfolio guidelines
22 and restrictions and that undo risk is not being undertaken to achieve objectives;
23
- 24 11. Taking necessary corrective action when investment managers fail to achieve
25 expected results; and
26
- 27 12. Engage in RFP process for all contracted services every three (3) years.

28 CUSTODIAN

29 Subject to approval by the Board of Trustees, the Finance Committee is authorized to hire a
30 custodian to safekeep the Trust's assets. The duties of the custodian include, but are not limited
31 to, the following:

- 32 1. Providing all normal custodial functions including security safekeeping, collection of
33 income, settlement of trades, collection of proceeds of maturing securities,
34 distribution of income, and daily investment of uninvested cash;
35
- 36 2. Providing reports detailing investment holdings and account transitions monthly and

1 an annual report summarizing the following to be submitted to the Finance
2 Committee within forty-five (45) days following each fiscal year end;

3
4 a. The reports will include the following:

- 5 1. Statement of all assets on hand;
- 6 2. Statement of all assets received representing contributions to the
7 account; and
- 8 3. Statement of all sales, redemptions, maturities, and principal
9 payments;

10
11
12 3. Establishing and maintaining directed account relationships with each investment
13 manager; and

14
15 4. Preparing accounting reports as requested.

16 **INVESTMENT MANAGEMENT**

17 The Board of Trustees is authorized to engage the services of investment managers, as defined
18 under the Investment Advisors Act of 1940, and other investment professionals to provide the
19 specialized management necessary to meet the Trust's investment objectives and guidelines.
20 Accordingly, the Board of Trustees requires the investment managers to adhere to the "prudent
21 man rule" under such state laws¹ as may be applicable or which may be applicable in the future
22 of the investment of Trust assets.

23 **DELEGATION OF AUTHORITY**

24 Investment managers retained by the Board of Trustees will be held responsible for making all
25 investment decisions regarding the assets under their direction. Each investment manager will be
26 provided with a copy of these investment policy objectives and guidelines. In addition, each
27 manager will be provided with any additional specific goals and objectives that are applicable to
28 the particular managed account that the manager is responsible for. Managers will be required to
29 observe and operate within all guidelines specified by the Trust.

30 **CAPITAL REQUIREMENTS**

31 The Board of Trustees is directed to maintain an Operating Reserve balance which may be
32 custodied in one or more accounts and must maintain a balance that is appropriate to meet the
33 annual distribution needs of the Trust. Such funds may only be invested in insured money market
34 instruments or in investments whose principal is guaranteed by the full faith and credit of the

1 United States Government or one of its agencies. Irrespective of the type of investment selected,
 2 funds may not be invested in any security with a maturity greater than one (1) year. The Board of
 3 Trustees is permitted to maintain all Trust funds in Operating Reserve investments until the Trust
 4 fund balance reaches a level where it is both economically prudent and fiscally appropriate to
 5 invest funds.

6
 7 The Board of Trustees may establish an account or accounts whose balances are restricted to a
 8 particular use or program. Such accounts may be invested according to the guidelines established
 9 in this policy or restricted to more conservative allocations pursuant to the timing of the need for
 10 the funds. Restricted fund balances may be expended at the direction of the Board of Trustees so
 11 long as such direction is not in conflict with agreements or restrictions attached to the receipt of
 12 such funds.

13
 14 All remaining funds owned or controlled by the Board of Trustees shall be considered Capital
 15 Reserves. At the end of each operating year, any and all reserves held in accounts designed as
 16 Operating Reserves which are in excess of the required balance for the upcoming operating year
 17 shall be reallocated to the Capital Reserves account or accounts. All funds held in Capital
 18 Reserve accounts shall be invested pursuant to the guidelines established in this policy.

19 INVESTMENT GUIDELINES

20 The Trust's investment policy objectives and guidelines will be reviewed and revised as needed
 21 from time to time by the Finance Committee. In conducting the review, the committee will
 22 consider applicable advice and recommendations of the Trust's attorneys, accountants,
 23 investment managers, consultants, or other professionals retained to render advice to the Trust.
 24 All modifications shall be in writing and shall be approved by the Board of Trustees.

25 ASSET ALLOCATION

26 The Trust's investment philosophy is that assets should be allocated with the goal of producing
 27 the highest total return consistent with prudent financial management. Unless otherwise specified
 28 by individual fund objectives, this philosophy should be adhered to within the constraints
 29 of the following asset allocation ranges:

30	<u>Maximum allocation</u>	<u>Minimum allocation</u>
31 Equity Investments	70%	35%
32 Fixed Income Investments	65%	20%
33 Cash & Equivalents	35%	0%

1	Alternative Investments – 40 Act Funds	15%	0%
2	Hedging Strategies		
3	Commodities ETF's		
4	Managed Futures Funds		

5 In cases where individual fund objectives require an exception to the above asset allocation
6 ranges, written statements detailing the reasoning for each specific fund will be provided as
7 supplements to this Investment Policy.

8 From time to time, the Finance Committee will determine specific asset allocation targets that it
9 feels are best suited for accomplishing the above total return objective. These specific asset
10 allocation targets will be communicated to individual investment managers in writing, and within
11 a reasonable time frame, managers are expected to reallocate assets in order to comply with the
12 target ranges established by the Committee. In the absence of specific asset allocation targets
13 from the Trust, individual managers will have the direct responsibility for settling and
14 maintaining an asset mix that they feel will best accomplish the Trust's total return objective. At
15 all times and in all cases, the above maximum and minimum limits or specific individual fund
16 maximum and minimum limits, where applicable, are to be adhered to.

17 **PROXY VOTING**

18 The Board of Trustees recognizes that proxy voting is a fiduciary responsibility and requires that
19 proxies be voted based on those factors which would enhance the value of the Trust's
20 investments. The Board of Trustees delegates their authority to vote proxies to the investment
21 managers employed by the Trust and instructs the managers to maintain accurate voting records
22 and to vote proxies for the exclusive benefit of the Trust.

23 **TYPES OF ASSETS**

24 In order to provide for adequate investment diversification across a broad range of assets, the
25 following types of assets are approved for investment:

- 26 U.S. Common Stock
- 27 Non U.S. Common Stock
- 28 U.S. Preferred Stock
- 29 Non U.S. Preferred Stock
- 30 U.S. Government and Agency Securities
- 31 Non U.S. Government and Agency Securities
- 32 Corporate Bonds with a minimum BAA rating or the equivalent Municipal Debt

- 1 Convertible Securities
- 2 Commercial Paper
- 3 Money Market Funds
- 4 Mutual Funds (open and closed-end)
- 5 Exchange Traded Funds
- 6 Passive Index Funds
- 7 Commodities Exchange Traded Funds
- 8 1940 Act Alternative Funds – Hedging Strategies
- 9 1940 Act Managed Futures Funds
- 10 Certificate of Deposits

11 *Additional Criteria*

- 12 All fixed income and preferred stock issues shall be investment grade and dollar denominated.
13 Mutual fund investment shall have investment objectives, rules, and regulations that are
14 consistent with the Trust's Investment Policy. All assets selected for the Trust shall have a
15 readily ascertainable market value and be readily marketable.

16 *Prohibited Investments*

- 17 Investment managers are prohibited from using the following assets and/or transactions:

- 18 Uncovered Options – Puts or Calls
- 19 Short Selling
- 20 Restricted Stock
- 21 Other Derivative Securities not specifically approved above

22 **CASH & CASH EQUIVALENTS**

- 23 All cash, wherever and whenever possible, should be invested in interest bearing instruments.
24 These investments should have stable pricing and instant liquidity.

25 **INVESTMENT MARKETS – EQUITY SECURITIES**

- 26 In order to broaden the investment opportunities for the investment manager(s) to achieve
27 specific objectives, the managers are permitted to invest in equity securities listed on the New
28 York Stock Exchange, the American Stock Exchange, principal regional exchanges, and in over-
29 the-counter securities for which there is a strong market providing ready liquidity of the specific
30 security.

1 The Board of Trustees believes it is necessary and desirable that equity securities held by the
2 Trust represent a diversified portfolio. In this regard, the Finance Committee and Investment
3 Consultant will select and continue to monitor equity investment managers that have
4 diversification and risk management strategies that are consistent with this focus.

5 **INVESTMENT MARKETS – FIXED INCOME SECURITIES**

6 In order to broaden the investment opportunities for the investment manager(s) to achieve
7 specific objectives, the managers are permitted to invest in fixed income issues offered in both
8 primary and secondary markets. Fixed income securities may include bonds, notes, and pass-
9 through securities issued or guaranteed by the U.S. Government or its agencies, corporate bonds,
10 notes, debentures, or asset-backed securities. Should the rating on a debt or preferred stock
11 security purchased subsequently fall below the minimum BAA (or equivalent) rating, a sale of
12 the issue shall be required except as warranted by investment considerations.

13 The Board of Trustees believes it is necessary and desirable that fixed income securities held by
14 the Trust represent a diversified portfolio. In this regard, the Finance Committee and Investment
15 Consultant will select and continue to monitor fixed income investment managers that have
16 diversification and risk management strategies that are consistent with this focus.

Legal References

1. TCA 35-14-101 *et seq.*

Custom Report

Prepared on February 05, 2024 for:
TSBA OPEB TRUST

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Please review the disclosures and definitions throughout this Document. For more information or questions, please contact your Financial Advisor. Various sub-sections of this Document may not contain information on all accounts/positions covered in this Document and will be denoted on the page.

Investment Policy Range

General Policy: The Trust's investment philosophy is that assets should be allocated with the goal of producing the highest total return consistent with prudent financial management. Unless otherwise specified by individual fund objectives, this philosophy should be adhered to within the constraints of the following asset allocation ranges:

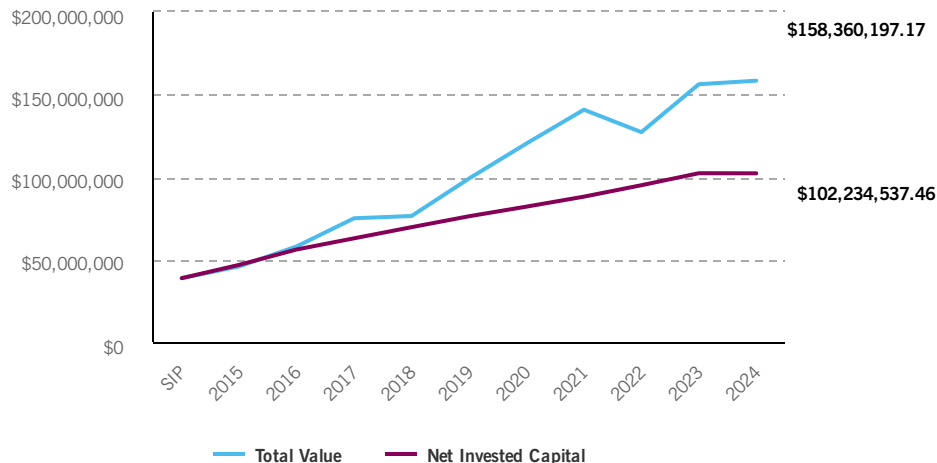
	<u>Maximum Allocation</u>	<u>Minimum Allocation</u>
Equity Investments	70%	35%
Fixed Income Investments	65%	20%
Cash & Equivalents	35%	0%
Alternative Investments – 40 Act Funds	15%	0%
Hedging Strategies		
Commodities ETF's		
Managed Futures Funds		

Exceptions for Individual Funds: In cases where individual fund objectives require an exception to the above asset allocation ranges, written statements detailing the policy for each specific fund will be provided as Supplements to this Investment Policy.

Asset Allocation Targets: From time to time the Finance Committee will determine specific asset allocation targets that it feels are best suited for accomplishing the above total return objective. These specific asset allocation targets will be communicated to individual investment managers in writing, and within a reasonable time frame, managers are expected to reallocate assets in order to comply with the target ranges established by the Committee. In the absence of specific asset allocation targets from the Trust, individual managers will have the direct responsibility for setting and maintaining an asset mix that they feel will best accomplish the Trust's total return objective. At all times, and in all cases, however, the above maximum and minimum limits, or where applicable, specific individual fund maximum and minimum limits, are to be adhered to.

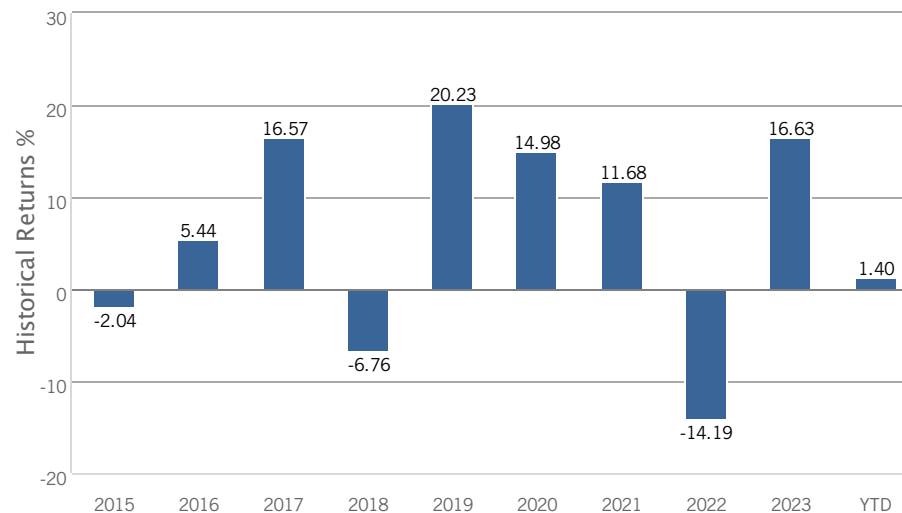
The information in this report is based on data supplied by you and is intended to be used as a guide for your financial strategy. The information and data were obtained from sources deemed reliable. Their accuracy or completeness is not guaranteed and is subject to change with current market conditions. There is no guarantee that the figures presented will be attainable in the future. Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not offer tax advice. Individuals should consult their personal tax advisor before many any tax-related investment decisions.

TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

DOLLAR-WEIGHTED PERIOD RETURN % (NET OF FEES)

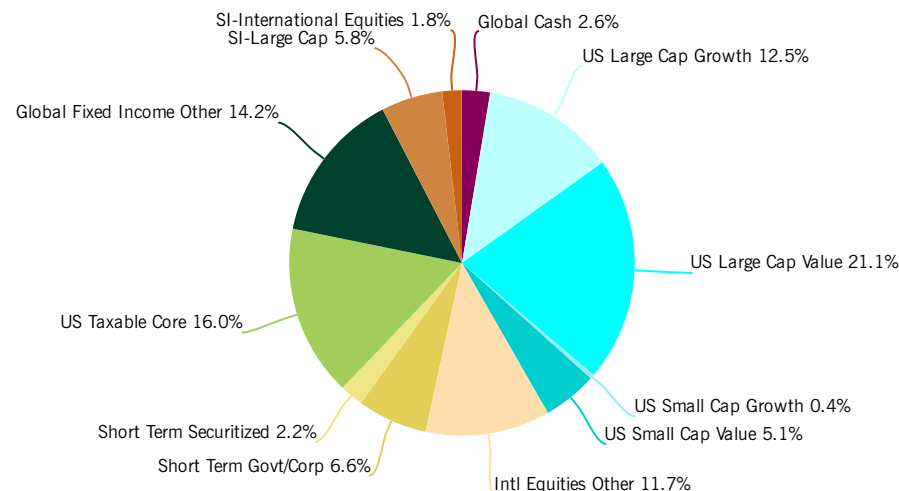


Does not include Performance Ineligible Assets.

DOLLAR-WEIGHTED RETURN % (NET OF FEES)

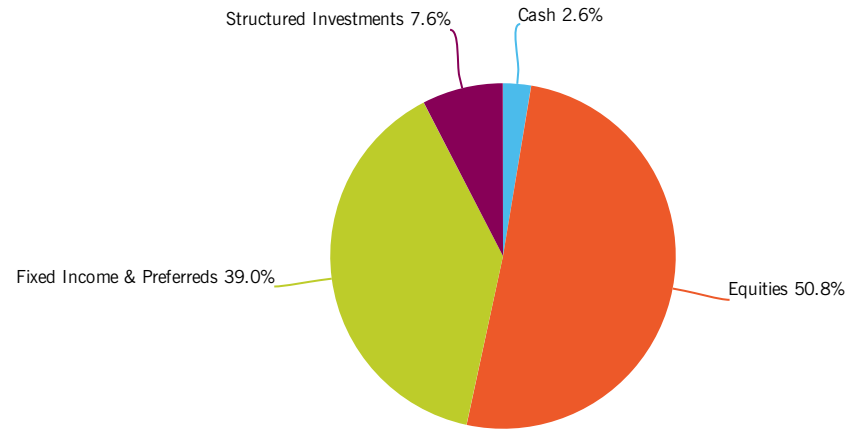
	Quarter to Date (\$) 12/31/23-02/02/24	Previous Year (\$) 12/31/22-12/29/23	Performance Inception (\$) 06/09/15-02/02/24
Beginning Total Value	156,233,166	127,186,040	38,680,482
Net Contributions/Withdrawals	-52,754	7,271,025	63,554,055
Investment Earnings	2,179,786	21,776,101	56,125,660
Ending Total Value	158,360,197	156,233,166	158,360,197
DOLLAR WEIGHTED RATE OF RETURN (%) (Annualized for periods over 12 months)			
Return % (Net of Fees)	1.40	16.63	6.91
90-Day T-Bills	0.50	5.26	1.51

ASSET ALLOCATION



The investment returns shown on this page are dollar-weighted measurements which are affected by the timing and amount of your contributions and withdrawals.

ASSET ALLOCATION - ASSET CLASS



ASSET ALLOCATION

	Total Value (\$) 02/02/2024	% of Portfolio 02/02/2024
Cash	4,163,833.96	2.6
Equities	80,401,745.56	50.8
Fixed Income & Preferreds	61,782,949.67	39.0
Structured Investments	12,011,972.85	7.6
TOTAL PORTFOLIO	158,360,502.04	100.0

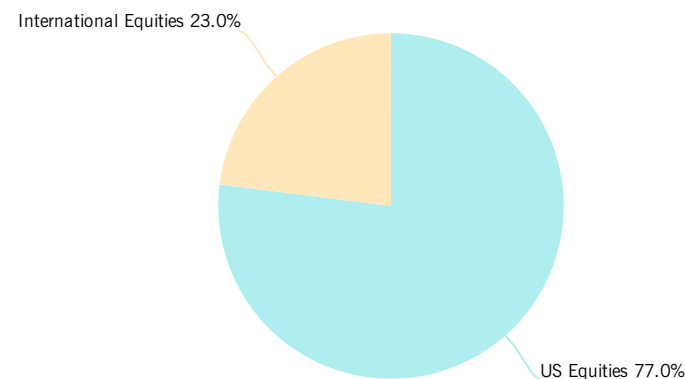
TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

TOP EQUITY POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 02/02/2024	% of Equities 02/02/2024
PGIM JENNISON GROWTH Z	15,317,148.59	19.1
JOHN HANCOCK DISPLND VAL INST	10,272,840.49	12.8
BLACKROCK HIGH EQ INCOME INST	9,963,140.40	12.4
OAKMARK FUND INSTITUTIONAL	8,905,478.15	11.1
PACER US SML CAP CASH COWS ETF	7,464,208.80	9.3
AMERICAN EUROPACIFIC GRW F2	7,110,899.08	8.8
THORNBURG INTL GROWTH I	5,782,552.43	7.2
ISHARES CORE MSCI EAFE ETF	5,591,122.08	7.0
ISHARES CORE S&P U.S. GROWTH	4,458,654.18	5.5
ISHARES CORE S&P U.S. VALUE	4,322,081.46	5.4
Top Equity Positions	79,188,125.66	98.5
Other Equity Positions	1,213,619.90	1.5
Total Equities	80,401,745.56	100.0

ASSET ALLOCATION - EQUITIES



ASSET ALLOCATION - EQUITIES

	% of Equities 02/02/2024	Total Value (\$) 02/02/2024	% of Portfolio 02/02/2024
US Equities	77.0	61,917,171.97	39.1
US Large Cap Growth	24.6	19,775,802.77	12.5
US Large Cap Value	41.6	33,463,540.50	21.1
US Small Cap Growth	0.8	606,809.95	0.4
US Small Cap Value	10.0	8,071,018.75	5.1
International Equities	23.0	18,484,573.59	11.7
Intl Equities Other	23.0	18,484,573.59	11.7
TOTAL EQUITIES	100.0	80,401,745.56	50.8

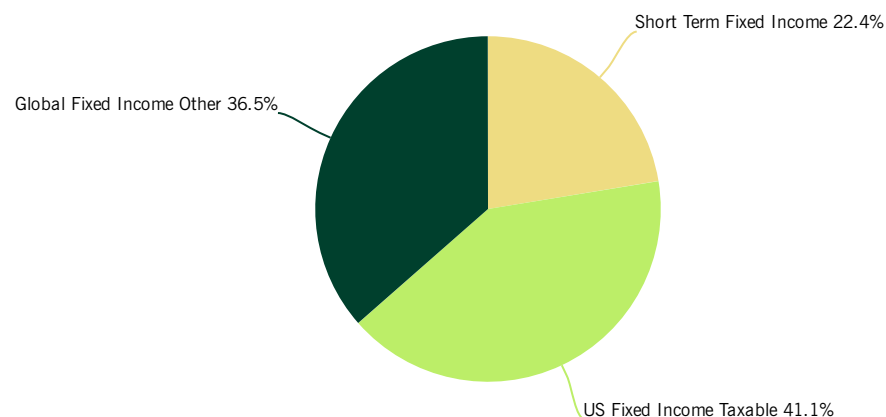
TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

TOP FIXED INCOME & PREFERRED POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 02/02/2024	% of Fixed Income & Preferreds 02/02/2024
PGIM TOTAL RETURN BOND Z	25,396,874.05	41.1
PERFORMANCE TRUST STRAT BD I	22,532,692.01	36.5
PGIM SHORT-TERM CORP BOND Z	13,853,383.61	22.4
Top Fixed Income & Preferred Positions	61,782,949.67	100.0
Other Fixed Income & Preferred Positions	-	-
Total Fixed Income & Preferred	61,782,949.67	100.0

ASSET ALLOCATION - FIXED INCOME & PREFERRED



ASSET ALLOCATION - FIXED INCOME & PREFERREDS

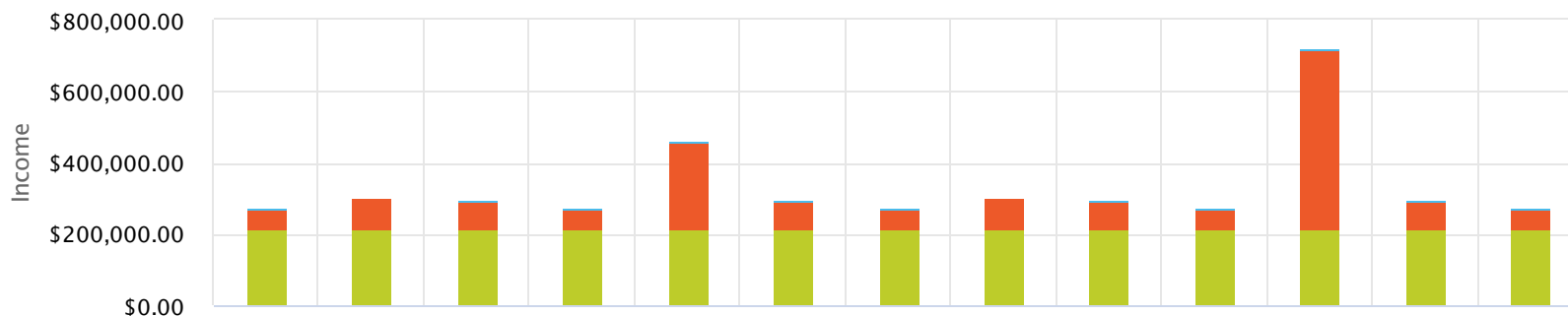
	% of Fixed Income & Preferreds 02/02/2024	Total Value (\$) 02/02/2024	% of Portfolio 02/02/2024
Short Term Fixed Income	22.4	13,853,383.61	8.7
Short Term Govt/Corp	16.8	10,390,037.71	6.6
Short Term Securitized	5.6	3,463,345.90	2.2
US Fixed Income Taxable	41.1	25,396,874.05	16.0
US Taxable Core	41.1	25,396,874.05	16.0
Global Fixed Income Other	36.5	22,532,692.01	14.2
Global Fixed Income Other	36.5	22,532,692.01	14.2
TOTAL FIXED INCOME & PREFERREDS	100.0	61,782,949.67	39.0

PROJECTED 12 MONTH INCOME SUMMARY

TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

12 MONTH INCOME SUMMARY

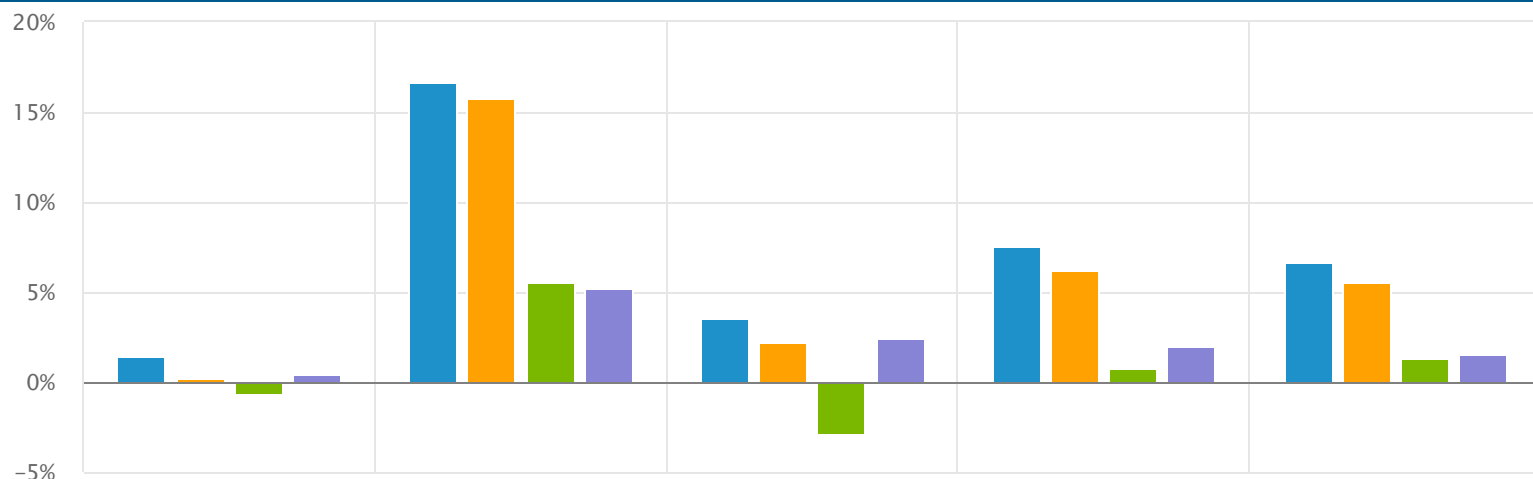


Asset Class	Total Value (\$) 02/02/2024	02/03/24 to 02/29/24 (\$)	Projected Income (\$) (03/01/24 - 02/28/25)												% Yield		
			Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb		Total	
Cash	4,163,834	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	27,963	0.67
Equities	80,401,746	55,986	86,537	78,159	55,986	244,365	78,159	55,986	86,537	78,159	55,986	503,146	78,159	55,986	1,457,164	1.81	
Fixed Income & Preferreds	61,782,950	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	215,618	2,587,417	4.19
Structured Investments	12,011,973	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	158,360,502	273,934	304,485	296,107	273,934	462,313	296,107	273,934	304,485	296,107	273,934	721,094	296,107	273,934	4,072,544	2.57	

Projected Income is calculated only for holdings where data is available.

In instances whereby payment frequency and/or last payment date is not available, income is based on the current dividend or coupon rate, and will be displayed in the Total column only.

RETURN % (NET OF FEES) VS. BENCHMARKS (ANNUALIZED)



	Quarter to Date 12/31/23 - 02/02/24	Previous Year 12/31/22 - 12/29/23	Last 3 Years 02/28/21 - 02/02/24	Last 5 Years 02/28/19 - 02/02/24	Performance Inception 06/09/15 - 02/02/24
Beginning Total Value (\$)	156,233,165.52	127,186,039.81	122,835,871.52	82,954,720.24	38,680,482.15
Net Contributions/Withdrawals (\$)	-52,754.10	7,271,024.67	20,092,446.71	32,675,073.74	63,554,055.31
Investment Earnings (\$)	2,179,785.75	21,776,101.05	15,431,878.95	42,730,403.20	56,125,659.71
Ending Total Value (\$)	158,360,197.17	156,233,165.52	158,360,197.17	158,360,197.17	158,360,197.17
Return % (Net of Fees)	1.40	16.70	3.56	7.56	6.63
TN TSBA Composite (%)	0.21	15.81	2.19	6.22	5.51
Bloomberg US Aggregate (%)	-0.66	5.53	-2.89	0.78	1.36
90-Day T-Bills (%)	0.50	5.26	2.47	1.96	1.51

POSITIONS TIME WEIGHTED PERFORMANCE DETAIL

TSBA OPEB TRUST

As of February 02, 2024 | Reporting Currency: USD

RETURN % (GROSS OF FEES) (ANNUALIZED)

Product/ Security Description ▲	Account Number	Performance Inception Date	Ending Total Value (\$)	Year to Date (%) 12/31/23 - 02/02/24	Previous Year (%) 12/31/22 - 12/29/23	% of Portfolio
Total Portfolio (Gross of Fees)		06/09/2015	158,360,197.17	1.41	16.89	100.00
<i>TN TSBA Composite</i>				0.21	15.81	
Stock / Options						
CITI PLUS SPX 24JN05(SPIEK)	Multiple	11/16/2022	1,383,993.80	1.88	19.67	0.87
GS PLUS SPX 24FB05(SQFDJ)	Multiple	07/30/2021	1,511,389.20	1.84	24.86	0.95
GS PLUS SPX 24MY03(SQFSK)	Multiple	10/29/2021	1,624,843.95	3.69	24.43	1.03
GS PLUS SPX 25MH05(SPHQW)	Multiple	08/31/2022	1,557,344.10	1.90	21.09	0.98
MS PLUS SPX 24AU05(SQGIS)	Multiple	01/31/2022	1,483,047.50	2.43	23.31	0.94
Exchange Traded/ Closed End Funds						
ISHARES CORE MSCI EAFE ETF(IEFA)	Multiple	11/28/2018	5,591,122.08	-0.53	17.95	3.53
ISHARES CORE S&P U.S. GROWTH(IUSG)	Multiple	11/28/2018	4,458,654.18	6.37	29.14	2.82
ISHARES CORE S&P U.S. VALUE(IUSV)	Multiple	11/28/2018	4,322,081.46	0.78	21.64	2.73
PACER US SML CAP CASH COWS ETF(CALF)	Multiple	11/28/2023	7,464,208.80	-0.65	-	4.71
Mutual Funds						
AMERICAN EUROPACIFIC GRW F2(AEPFX)	Multiple	07/14/2015	7,110,899.07	0.48	15.93	4.49
BLACKROCK HIGH EQ INCOME INST(BMCIX)	Multiple	09/02/2015	9,963,140.40	0.43	9.99	6.29
DWS SMALL CAP CORE S(SSLCX)	Multiple	02/20/2018	1,213,619.89	-1.09	13.08	0.77
JOHN HANCOCK DISPLND VAL INST(JVLIX)	Multiple	07/24/2018	10,272,840.48	2.30	13.83	6.49
OAKMARK FUND INSTITUTIONAL(OANMX)	Multiple	07/12/2021	8,905,478.14	1.36	31.15	5.62
PERFORMANCE TRUST STRAT BD I(PTIAX)	Multiple	01/26/2021	22,532,692.00	0.29	7.62	14.23
PGIM JENNISON GROWTH Z(PJFZX)	Multiple	09/02/2015	15,317,148.59	8.54	53.10	9.67
PGIM SHORT-TERM CORP BOND Z(PIFZX)	Multiple	09/02/2015	13,853,383.61	0.22	7.08	8.75

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals. Position level performance detail is only available since 12/31/2014.

POSITIONS TIME WEIGHTED PERFORMANCE DETAIL

TSBA OPEB TRUST

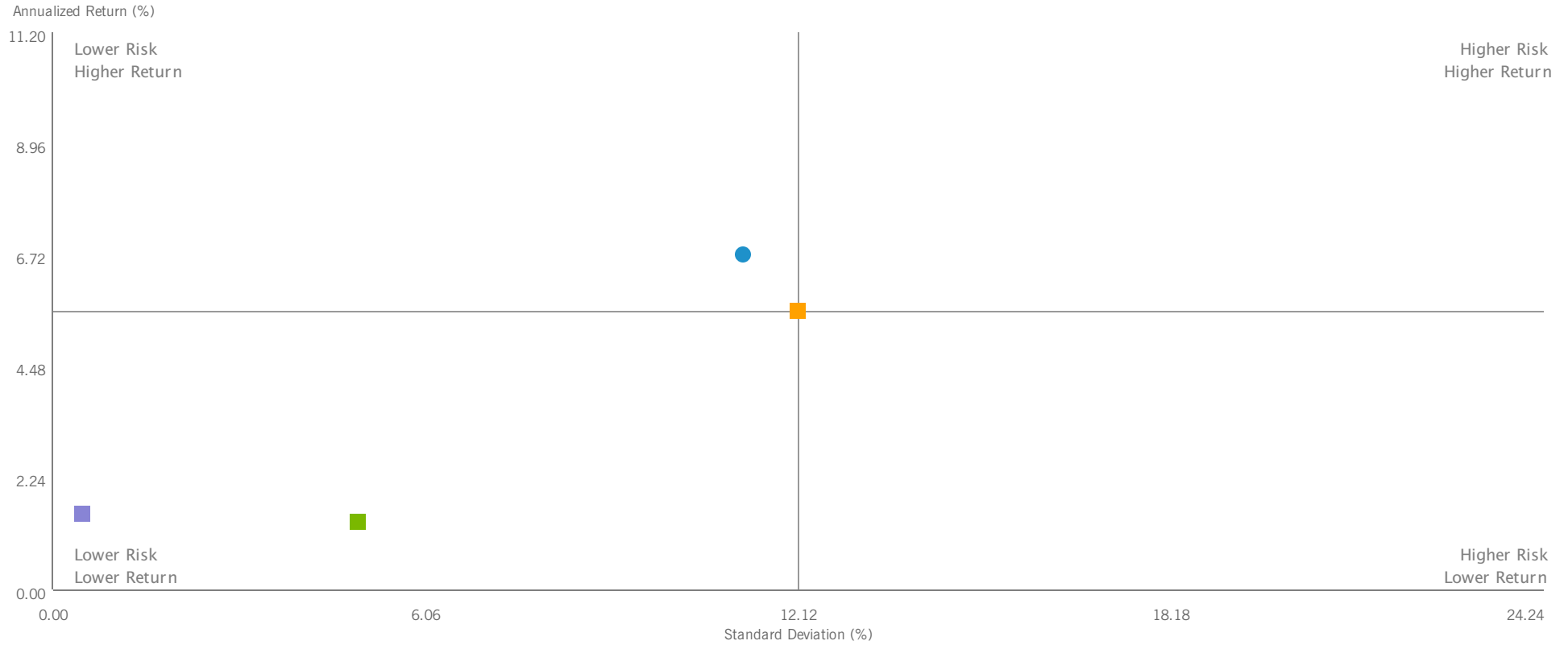
As of February 02, 2024 | Reporting Currency: USD

RETURN % (GROSS OF FEES) (ANNUALIZED) (Continued)

Product/ Security Description ▲	Account Number	Performance Inception Date	Ending Total Value (\$)	Year to Date (%) 12/31/23 - 02/02/24	Previous Year (%) 12/31/22 - 12/29/23	% of Portfolio
PGIM TOTAL RETURN BOND Z(PDBZX)	Multiple	04/06/2023	25,396,874.05	-0.26	-	16.04
THORNBURG INTL GROWTH I(TINGX)	Multiple	09/02/2015	5,782,552.43	2.19	18.44	3.65
Corporate Fixed Income						
GS PLUS SPX 00000 26AP06	471-XXX393	09/15/2023	30,629.80	0.95	-	0.02
GS PLUS SX5E 00000 26AU05	Multiple	01/31/2024	1,429,000.00	0.00	-	0.90
GS PLUS SX5E 00000 26JN03	Multiple	11/30/2023	1,475,197.00	0.46	-	0.93
JPM PLUS SPX 00000 26JA06	Multiple	06/30/2023	1,516,527.50	2.36	-	0.96
Cash, MMF and Bank Deposits						
BANK DEPOSIT PROGRAM(BDPS)	Multiple	06/18/2015	5,592,529.14	-	-	3.53
Cash(0000MONEY)	Multiple	06/17/2015	-1,429,000.00	-	-	-0.90

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals. Position level performance detail is only available since 12/31/2014.

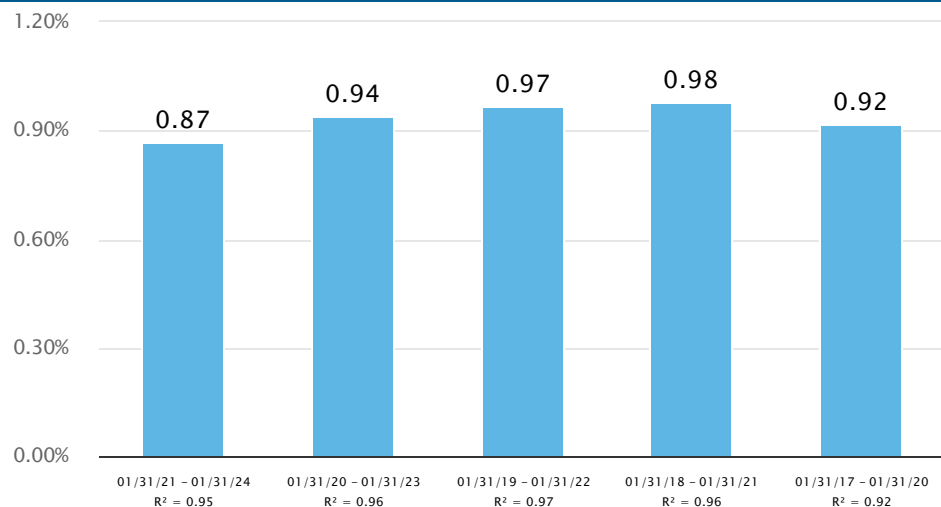
RETURN % (NET OF FEES) AND VOLATILITY VS. BENCHMARKS



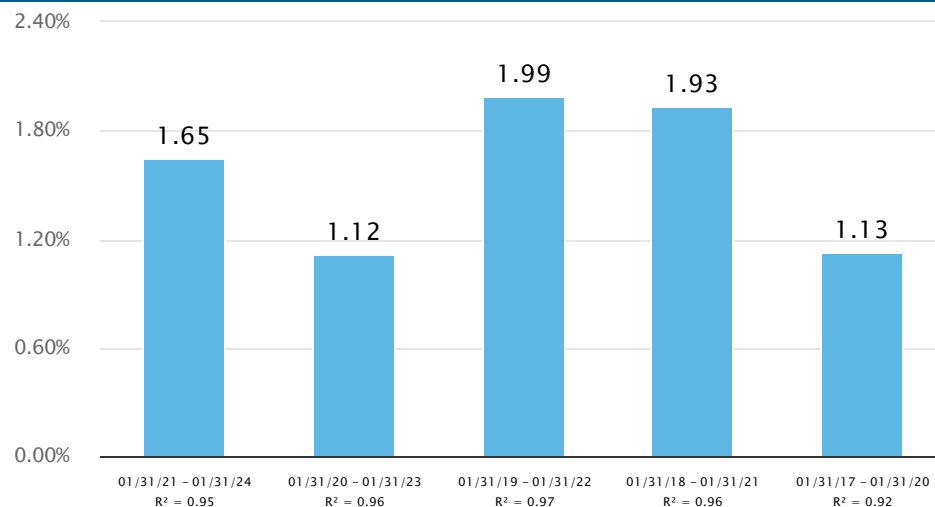
	Return % (Net of Fees) 06/30/15-02/02/24	Standard Deviation (%) 06/30/15-02/02/24
● Portfolio	6.74	11.22
■ TN TSBA Composite	5.60	12.12
■ Bloomberg US Aggregate	1.36	4.97
■ 90-Day T-Bills	1.52	0.48

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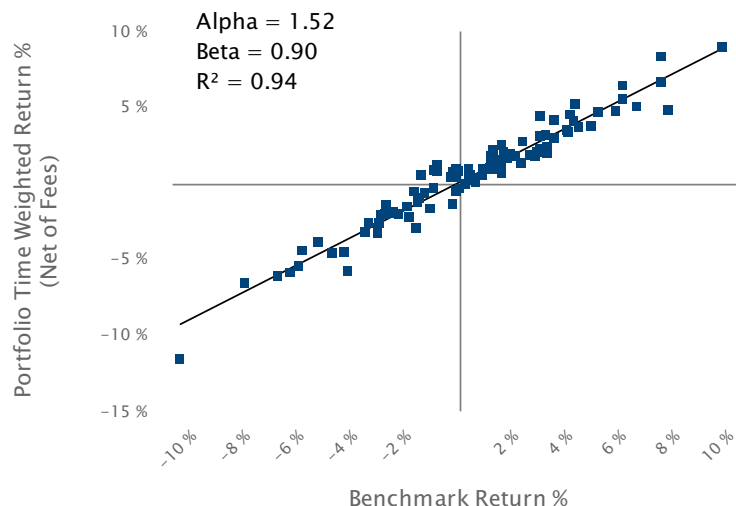
BETA - ROLLING PERIODS - TIME WEIGHTED RETURN %(NET OF FEES)



ALPHA - ROLLING PERIODS - TIME WEIGHTED RETURN %(NET OF FEES)



MONTHLY OBSERVATIONS SINCE 06/30/15 WITH SIMPLE REGRESSION LINE - TIME WEIGHTED RETURN %(NET OF FEES)



Alpha: Is a measure of a portfolio's time weighted net of fees return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Beta: Is a measure of the sensitivity of a portfolio's time weighted net of fees return against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

Modern Portfolio Theory: Seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk.

R²: Is a measure that indicates the extent to which fluctuations in a portfolio's time weighted net of fees return is correlated with the return of the general market. An R² of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: Both the benchmark and portfolio returns are adjusted by the return of the 90-day Treasury Bills to illustrate the excess return above the Risk Free Rate for each period.

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals.

Executive Summary

Bottom Line

- We are forecasting an economic soft-landing where nominal economic growth slows to roughly 3-4%, half the pace of 2023
- US Treasury rates are priced close to tactical fair value with 10-year yields to be 3.50-3.95% by Q4
- We expect the Fed to begin cutting in May-June timeframe and believe that current 90% odds that fed funds will be down 150bps by December are too ambitious
- We are forecasting US fixed income markets to compete with US stock index returns this year with both grinding out mid-single advances in the most likely cases

Key Considerations: Starting Points Matter

- US markets ended 2023 **technically extended**, having advanced nearly 15% in the last six weeks of the year; but remain below January 2022/November 2021 all-time highs
- **US equity valuations are rich** at more than 20x forward earnings and an equity risk premium of only 113bps
- Consensus expectations are ambitious presuming benign economic slowing, disinflationary re-acceleration in the growth in the second half, six rate cuts by the Fed, profit margin expansion and year over year earnings growth of 10%
- **US equity indices remain incredibly concentrated** in the Magnificent Seven; a reality that sets up significant risk given intra-cohort correlations to each other and to common factors
- Stock/bond correlations remain positive; undermining the diversification benefits of 60/40. Finding asset classes uncorrelated to interest rates is difficult
- Market positioning is complacent with the VIX back under 13, put/call ratios and short interest ratios low

Major Investment Controversies

- Path of inflation: Consensus has priced “mission accomplished” toward 2%. GIC believes inflation path is lumpy, and services inflation will remain sticky keeping the Fed vigilant and slower than forecast
- US labor markets: Consensus is pricing modest changes to unemployment. While we think labor markets are reasonably tight, Fed unlikely to cut aggressively without U-3 above 4%; US consumer weakens in 2024
- Market liquidity and financial conditions: Tailwinds and positive serendipity of 2023 abates; Fed moves to taper QT by April/May to offset US Treasury issuance and regional bank, CRE-related stresses
- Terminal policy rates: Consensus still expecting pre-COVID r-star of sub-1% real rates on 10-year. GIC believes 1.5-2% or pre-GFC levels are new normal. Higher for longer means lower valuation multiples
- Management execution and idiosyncratic risks: Rising tide of rate cuts unlikely to lift all boats. Navigation requires company specific skill. Prefer active stance. Equal weight over market cap weighted passive index

GIC Recommendations for Portfolio Positioning

- **Overall, we remain market to underweight global equities including US equities believing that risks remain.**
- **Our June 2024 S&P500 target price at 4500 incorporates a view that we will trade in a wide range from 4100-5100. That said, we are inclined to neutralize strong factor positionings. We are balancing exposures between defensives and cyclicals, growth and value and mega versus large/mid and small caps.**
- **Alternatively, we are remaining overweight fixed income, believing that a higher for longer regime creates opportunities to own better risk-adjusted returns in current coupons with the potential for capital gains if rates fade in 2024 as forecast. Munis and IG credit remain decent holds barbelled with short duration Treasuries.**
- **Outside the US, we prefer Japan based on improving growth and inflation dynamics there and the very cheap yen. We continue to also look for stock specific opportunities in Europe and beta opportunities in select EMs like India, Brazil, and Mexico.**
- **We also like alternatives in: hedge funds, infrastructure, commodities, residential real estate, and private credit.**
- **Remaining fully invested to your PERSONAL BENCHMARKS is the best strategy. DO NOT TRY TO MARKET TIME.**
- **Dollar cost averaging should be patient given potential risks in the near term. LONG-TERM STRATEGIC MONEY should always be deployed in LUMP sums.**

Source: Morgan Stanley Wealth Management GIC as of January 17, 2024. Equity risk premium is the excess return that an individual stock or the overall stock market provides over a risk-free rate. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time. R-star is the real short-term interest rate expected to prevail when an economy is at full strength and inflation is stable.

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

ACCOUNT(S) INCLUDED IN THIS REPORT

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Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT

Account Name	Account Number	Account Type/ Manager Name	Date Opened/ Date Closed	Perf Inception Date Perf (%) Incept - 02/02/24	Total Value (\$) 02/02/24	% of Portfolio 02/02/24
ARLINGTON CITY - Alternative Investment	471-XXX385	AAA	02/18/20 -	02/25/2020 3.46	342,085.92	0.22
ARLINGTON CITY BOE	471-XXX901	Consulting Group Advisor	06/17/15 -	06/18/2015 6.76	4,253,179.33	2.69
BARTLETT CITY - Alternative Investment	471-XXX383	AAA	02/18/20 -	02/25/2020 3.47	450,406.70	0.28
BARTLETT CITY BOE	471-XXX902	Consulting Group Advisor	06/17/15 -	07/01/2015 6.67	6,867,813.30	4.34
Collierville City - Alternative Invest.	471-XXX396	AAA	02/18/20 -	02/25/2020 3.53	188,312.62	0.12
COLLIERVILLE CITY BOE	471-XXX903	Consulting Group Advisor	06/17/15 -	07/01/2015 6.61	2,536,457.68	1.60
HICKMAN CO.	471-XXX866	Consulting Group Advisor	06/03/15 -	06/09/2015 6.79	2,671,176.82	1.69
Hickman Co. - Alternative Investment	471-XXX388	AAA	02/18/20 -	02/25/2020 3.66	233,612.49	0.15
JACKSON-MADISON	471-XXX864	Consulting Group Advisor	06/03/15 -	06/09/2015 6.78	486,822.64	0.31
JACKSON-MADISON - Alternative Investment	471-XXX403	AAA	02/18/20 -	02/25/2020 3.56	41,009.45	0.03
JOHNSON CO.	471-XXX869	Consulting Group Advisor	06/03/15 -	06/09/2015 6.78	1,348,283.55	0.85
JOHNSON CO. - Alternative Investment	471-XXX398	AAA	02/18/20 -	02/25/2020 3.68	115,472.10	0.07
Lakeland City - Alternative Investment	471-XXX393	AAA	02/18/20 -	02/25/2020 3.54	227,169.78	0.14
LAKELAND CITY BOE	471-XXX900	Consulting Group Advisor	06/17/15 -	06/18/2015 6.53	2,919,768.48	1.84
MILLINGTON	471-XXX583	Consulting Group Advisor	07/05/16 -	07/07/2016 7.70	370,444.03	0.23
MILLINGTON - Alternative Investment	471-XXX409	AAA	02/18/20 -	02/25/2020 3.44	30,369.79	0.02
SHELBY CO.	471-XXX863	Consulting Group Advisor	06/03/15 -	06/09/2015 6.73	124,894,311.03	78.87

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ACCOUNT(S) INCLUDED IN THIS REPORT

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MORGAN STANLEY WEALTH MANAGEMENT (Continued)

Account Name	Account Number	Account Type/ Manager Name	Date Opened/ Date Closed	Perf Inception Date Perf (%) Incept - 02/02/24	Total Value (\$) 02/02/24	% of Portfolio 02/02/24
SHELBY CO. - Alternative Investment	471-XXX380	AAA	02/18/20 -	02/25/2020 4.58	10,383,806.33	6.56
Morgan Stanley Wealth Management Total					158,360,502.04	100.00
Total Portfolio					158,360,502.04	100.00

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Consulting Group Advisory Accounts: Consulting Group is a business of Morgan Stanley Smith Barney LLC.

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Residential Mortgage loan information is excluded from this report. Please contact your Morgan Stanley team for more information.

Additional information about your Floating Rate Notes: For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

Important Information About Auction Rate Securities: For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated as not available by a dash "-". There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

Important Pricing Information: Prices of securities not actively traded may not be available, and are indicated by a dash "-". Account values are based on the most recent security pricing available and may be prior to the date of this material.

Asset Classification: We classify assets based on general characteristics such as: income generation, underlying capital structure, or exposure to certain market sectors. As many assets contain

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characteristics of more than one asset class, allocations may be under or over inclusive. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes. In addition, the Other asset class contains securities that are not included in the various asset class classifications. This can include, but is not limited to, non-traditional investments such as some Equity Unit Trusts, Index Options and Structured Investments issued outside of Morgan Stanley. Additionally, investments for which we are unable to procure market data to properly classify them will appear in the Other category.

Additional information about your Structured Products: Structured Investments are complex products and may be subject to special risks, which may include, but are not limited to: loss of initial investment; issuer credit risk and price volatility resulting from any actual or anticipated changes to issuer's and/or guarantor's credit ratings or credit spreads; limited or no appreciation and limits on participation in any appreciation of underlying asset(s); risks associated with the underlying reference asset(s); no periodic payments; call prior to maturity; early redemption fees for market linked deposits; lower interest rates and/or yield compared to conventional debt with comparable maturity; unique tax implications; limited or no secondary market; and conflicts of interest due to affiliation, compensation or other factors which could adversely affect market value or payout to investors. Investors also should consider the concentration risk of owning the related security and their total exposure to any underlying asset.

Performance: 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, dividends, interest and income. Depending on the opening or closing date of the account or position, the performance referenced may be for a portion of the time period identified. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Financial Advisor for up-to-date performance information. Past performance is not a guarantee of future results. Quotations of performance appearing in this report may include performance experienced in legacy accounts which have been closed and purged, and as such are not included on the Accounts Included in This Report page.

Market values used for performance calculation do not include Performance Ineligible Assets and thus may differ from asset allocation market values. Common examples of Performance Ineligible Assets include life insurance and annuities as well as Manually Added and External accounts, assets and liabilities.

Unless otherwise indicated, performance is an aggregated composite calculation of the entire portfolio and may include brokerage and investment advisory accounts as well as assets for different accounts included in this report. The accounts included in the composite may have (or have had) different investment objectives and strategies, been subject to different restrictions, and incurred different types of fees, markups, commissions and other charges. Accordingly, performance results may blend the performance of assets and strategies that may not have been available in all of the accounts at all times during the reporting period. In addition, accounts in the composite may have changed from brokerage to advisory or vice versa. Accounts may also have moved from one advisory program to another (including from a discretionary program to a non-discretionary program).

For Morgan Stanley Smith Barney LLC accounts, performance information may cover the full history of the account(s) or just the performance of an account(s) since the inception of the current program(s). Performance results on individual accounts will vary and may differ from the composite returns. Your Financial Advisor can provide you with individual account portfolio composition and performance information. For investment advisory accounts, please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 or applicable disclosure brochure. For brokerage accounts, please speak to your Financial Advisor for more information on commissions and other account fees and expenses. Performance inception date does not necessarily correspond to the account opening date. Where multiple accounts are included in performance calculations, the inception date is the oldest performance inception. Performance data may not be available for all periods as some accounts included in performance may have more recent performance inception dates. Consequently, the actual performance for a group of accounts may differ from reported performance. Please ask your Financial Advisor for the performance inception date for each account.

Sub Account and Security Level Performance: The performance return methodology described above and in the TWR and IRR definitions applies to both Account Level and Sub-Account (e.g. Asset Class or Security level) performance returns. The inputs consist of market values and net flows.

For example, TWR is calculated by taking the Change in Market Value (Ending MV – Beginning MV) less any net flows, divided by the beginning MV. $TWR = (Ending\ MV - Beginning\ MV - Net\ Flows) / Beginning\ MV$

The difference lies in what is or is not included in the Market Values and Flows. For account level performance, the total account market values and all flows within the account are taken into account. For sub-account level performance, only those market values and flows associated with the specific securities included are taken into account.

Flows that are not security specific typically include account advisory fees, cash contributions or withdrawals, and any other flows that are not attributed to a specific security.

Flows that are security specific including purchases, sales, dividends, interest, partnership distributions, return of capital, fund sales charges, security transaction fees, and ongoing fund expenses are typically reflected in the security level returns.

Gross of Fees: The impact of program fees can be material. These program fees are deducted based on your billing cycle and may have a compounding effect on performance. As fees are deducted periodically throughout the year, the compounding effect may increase the impact of the fees by an amount directly related to the gross account performance.

Indices: 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

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investment objective(s) associated with the account(s). In some circumstances, the benchmark index may not be an appropriate benchmark for use with the specific composite portfolio. For instance, an index may not take into consideration certain changes that may have occurred in the portfolio since the inception of the account(s), (e.g., changes from a brokerage to an advisory account or from one advisory program to another, asset class changes, or index changes for individual managers). The volatility of the index used for comparison may be materially different from that of the performance shown. 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. Please see the Benchmark Definitions section of this material for additional information on the indices used for comparison.

Performance Inception Month End: Performance Inception Month End refers to performance calculated from the end of the month in which the accounts became eligible for performance. Calculating performance from the Performance Inception Month End allows for a comparison to be made to appropriate benchmarks. Performance Inception Month End does not necessarily correspond to the account opening date.

Projected 12 Month: Projected 12 Month Income is based upon cash income from interest, cash dividends, and partnership distributions. It is a hypothetical projection calculated using current yields. The projected income referenced is based upon certain market projections effective as at today's date only and can change at any time. Such projected income is hypothetical, do not reflect actual investment results, and is not a guarantee of future results. The projected income is referenced for illustrative purposes only. Morgan Stanley does not represent or guarantee that the projected income referenced will or can be attained. The actual income may be lower or higher than the projections based upon a variety of factors and assumptions. The projected income shown may under or over compensate for the impact of actual market conditions and other factors. We make no representation or warranty as to the reasonableness of the assumptions made, or that all assumptions used to construct this projected income information have been stated or fully considered. To the extent that the assumptions made do not reflect actual conditions, the illustrative value of the hypothetical projected income will decrease. The projected income referenced may include income from Morgan Stanley & Co. and External Accounts, where data is available. Such information was obtained from third party sources which Morgan Stanley believes to be reliable. However, we make no representation or guarantee that the information is accurate or complete. You should not rely upon this information to make any investment decision. Please refer to the official account statements and performance reports you received from your custodian and/or financial institution for information about projected income in your External Accounts. The projected income referenced does not include income from assets in Manually Added External Accounts.

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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."

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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/cqcm>. 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.

Virtual Currency Products (Cryptocurrencies)

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 trafficking, 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 off 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.

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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.

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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.

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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.

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We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your 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.

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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

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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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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 affect 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: 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.

GENERAL DEFINITIONS

Alpha: Is a measure of a portfolio's time weighted net of fees return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Annualized Standard Deviation: A statistical calculation that measures the volatility of returns over time; the larger the standard deviation, the greater the volatility.

Beta: Is a measure of the sensitivity of a portfolio's time weighted net of fees return against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

CCY: Represents the currency of the underlying instrument. Currency is a medium of exchange for goods and services.

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Dollar-Weighted Return (Internal Rate of Return): A return calculation that measures the actual performance of a portfolio over the reporting period. Since dollar weighted returns include the impact of client contributions and withdrawals, they should not be compared to market indices or used to evaluate the performance of a manager, but can be used to evaluate progress toward investment goals.

Graph Notes: Both the benchmark and portfolio returns are adjusted by the return of the 90-day Treasury Bills to illustrate the excess return above the Risk Free Rate for each period.

Gross of Fees: Performance results depicted as "gross" of fees do not reflect the deduction of any wrap fee, investment management fee, trade commissions, and/or other account fees. Your actual returns are lower after deducting these expenses. 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.

Investment Earnings: A combination of the income received and total portfolio value increase or decrease, excluding net contributions and withdrawals, over the reporting period.

Modern Portfolio Theory: Seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk.

Net Contributions/Withdrawals: The net value of cash and securities contributed to or withdrawn from the account(s) during the reporting period. Net contributions and withdrawals may include advisory fees for advisory accounts.

Net of Fees: Performance results depicted as "net" of fees shall mean that any wrap fee, investment management fees, trade commissions, and/or other account fees have been deducted. Any other fees or expenses associated with the account, such as third party custodian fees, may not have been deducted. 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.

Performance ineligible assets: Performance returns are not calculated for certain assets because accurate valuations and transactions for these assets are not processed or maintained by Morgan Stanley Smith Barney LLC. Common examples of Performance Ineligible Assets include liabilities, life insurance and annuities as well as Manually Added and External accounts for which Morgan Stanley does not receive data necessary to calculate performance.

R²: Is a measure that indicates the extent to which fluctuations in a portfolio's time weighted net of fees return is correlated with the return of the general market. An R² of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Tax-Qualified Account(s): Accounts that qualify for favorable tax treatment under US federal tax law and may benefit from favorable tax treatment under applicable state tax law. Typically, these accounts benefit from tax deferred growth potential, meaning investment earnings (such as capital gains, dividends, and interest) are generally not subject to federal income tax while the earnings remain in the account. Capital gains rates generally do not apply. Distributions of taxable amounts are generally subject to ordinary income tax and, if made before age 59 1/2, may be subject to a 10% (25% for certain SIMPLE IRA distributions) penalty tax. Some tax-qualified accounts, such as traditional Individual Retirement Accounts ("IRA") and employer sponsored retirement plan accounts, may allow tax deductible and/or pre-tax contributions (subject to certain limitations and restrictions). Other tax-qualified accounts, such as Roth IRAs and Coverdell Education Savings Accounts, may allow income tax free distributions, but only if certain conditions are satisfied.

Taxable Account(s): Accounts that are not Tax-Qualified Account(s), meaning investment earnings (such as capital gains, dividends, and interest) are generally subject to current US federal income taxation when held by US taxable investors. Note, however, that this category may include specific assets that are generally not subject to US federal income tax such as municipal bonds.

Time-Weighted Return: A return calculation that measures the investment performance of a portfolio over the reporting period. Time weighted returns do not include the impact of client contributions and withdrawals and therefore, may not reflect the actual rate of return the client received. Time weighted returns isolate investment actions and can be compared to benchmarks and used to evaluate the performance of a manager.

Total Cost: The sum of all costs incurred by a firm in producing a certain level of output.

Total Value: "Total Value" represents the Market Value of the portfolio or Asset Class referenced and includes the accrual of interest and dividends. Total Value in the Asset Allocation view prior to January 2024, does not reflect the accrual of interest and dividends. Total Value for Morgan Stanley & Co. and External accounts also does not include accrued interest and dividends.

BENCHMARK DEFINITIONS

TN TSBA Composite: The current allocation is comprised of 50.00% MSCI AC World Net, 15.00% MSCI EAFE Net, 25.00% Bloomberg Global Aggregate 1-3 Y, 10.00% MSCI EM Net.

90-Day T-Bills: Equal dollar amounts of three-month Treasury bills are purchased at the beginning of each of three consecutive months. As each bill matures, all proceeds are rolled over or reinvested in a new three-month bill. The income used to calculate the monthly return is derived by subtracting the original amount invested from the maturity value. The yield curve average is the basis for calculating the

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return on the index. The index is rebalanced monthly by market capitalization. The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

MSCI AC World Net: The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkiye, and United Arab Emirates (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI EAFE Net: The MSCI EAFE Index -Europe, Australasia, Far East - is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI EM Net: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkiye, and United Arab Emirates (as of June 2014). Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Bloomberg Global Aggregate 1-3 Yr: The Bloomberg Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. This index is the 1-3 Yr component of the Global Aggregate index.

Bloomberg US Aggregate: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).