



**TSBA OPEB Trust Meeting**  
**Embassy Suites by Hilton Cool Springs - Cool Springs Boardroom**  
**February 17, 2023**

**AGENDA**

Call to Order  
12:55 p.m.

Dr. Dale Viox,  
Chairman

Approval of Agenda  
12:55 p.m.

Approval of the November 12, 2022 Minutes  
12:55 p.m.

Approval of the 6-month Financial Statements (December 31, 2022)  
12:55 p.m.

Report of Activities and Fiscal Condition of the Trust  
12:55 p.m.

Dr. Tammy Grissom,  
Trust Administrator

Review Investment Policy  
12:55 p.m.

Review Investment Report  
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

Cool Springs Boardroom  
Friday, February 17, 2023  
7:00 a.m. – 8:00 a.m.



**OPEB Trust Meeting**  
**Embassy Suites by Hilton Cool Springs**  
**Cool Springs Boardroom**  
**Friday, February 17, 2023**

**AGENDA**

- |           |   |   |
|-----------|---|---|
| 7:00 a.m. | Call to Order   | Dr. Dale Viox, Chairman                   |
| 7:02 a.m. | Approval of Agenda  |   |
| 7:04 a.m. | Approval of November 12, 2022 Minutes                           |   |
| 7:06 a.m. | Approval of 6-month Financial Statements<br>(December 31, 2022) | Dr. Tammy Grissom,<br>Trust Administrator |
| 7:10 a.m. | Report of Activities and Fiscal Condition of the Trust          |   |
| 7:15 a.m. | Review Investment Policy  |   |
| 7:25 a.m. | Review Investment Report  | Chris Sigmund, Morgan<br>Stanley          |
| 7:55 a.m. | Other Business  |   |
| 8:00 a.m. | Adjourn   |   |

**Tennessee School Boards Association  
OPEB Trust Meeting  
Gaylord Opryland Resort and Convention Center  
Magnolia Boardroom A  
November 12, 2022**

The TSBA OPEB Trustees met on Saturday, November 12, 2022. The following members were present: **Dr. Dale Viox**, Arlington; **Kevin Woods**, Shelby County; **Wright Cox**, Collierville; **Keys Fillauer**, Oak Ridge; and **Dr. Tammy Grissom**, Trust Administrator. TSBA staff member present was **Emily Warren**. The following were also in attendance: **Bryan Woodruff**, Bartlett; **Chris Denson**, Millington; **Chris Sigmund** with Morgan Stanley; and **Erica Saeger** with Crosslin.

Dr. Dale Viox called the meeting to order at 12:04 p.m. and welcomed everyone.

**WRIGHT/COX:** Motion to approve the agenda. MOTION CARRIED.

**FILLAUER/VIOX:** Motion to approve February 14, 2022 Minutes. MOTION CARRIED.

**COX/VIOX:** Motion to accept the 3-month Financial Statements (September 30, 2022). 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.

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

Erica Saeger with Crosslin reviewed the June 30, 2022 OPEB Trust Audit. There was no discussion or questions as to the contents of the audit.

**COX/VIOX:** Motion to approve the June 30, 2022 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.

The Trustees discussed ways to market the OPEB Trust. Discussion was held, and it was determined that the TSBA Journal would include an article in the April 2023 edition that highlighted the benefits of joining the OPEB Trust.

**FILLAUER/WOODS:** Motion to approve the appointments of the following Trustees (term: 11/12/22 – 12/31/24): Bryan Woodruff, Bartlett; and Chris Denson, Millington. MOTION CARRIED.

**FILLAUER/WOODS:** Motion to elect Dr. Dale Viox as Chairman and Bryan Woodruff as Vice-Chairman. MOTION CARRIED.

The meeting adjourned at 1:12 p.m.

**Respectfully submitted,**

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**Dr. Dale Viox, Chairman**

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**Dr. Tammy Grissom, OPEB Trust Administrator**

**TSBA OPEB Trust**  
**Balance Sheet**  
As of December 31, 2022

	Dec 31, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000-00 · Suntrust Operating Account	5,653.91
<b>Total Checking/Savings</b>	5,653.91
<b>Other Current Assets</b>	
1300-00 · Investments	
1300-10 · Hickman County Investments	2,459,955.11
1300-20 · Johnson County Investments	1,217,075.24
1300-30 · Shelby County Investments	109,050,323.87
1300-50 · Jackson-Madison Investments	447,013.89
1300-60 · Arlington Investments	3,697,398.69
1300-70 · Bartlett Investments	5,278,231.60
1300-80 · Collierville Investments	2,023,814.32
1300-90 · Lakeland Investments	2,526,633.80
1300-91 · Millington Investments	339,525.69
<b>Total 1300-00 · Investments</b>	127,039,972.21
<b>Total Other Current Assets</b>	127,039,972.21
<b>Total Current Assets</b>	127,045,626.12
<b>TOTAL ASSETS</b>	<b>127,045,626.12</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
3200-00 · Unrestricted Net Assets	125,096,401.26
Net Income	1,949,224.86
<b>Total Equity</b>	127,045,626.12
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>127,045,626.12</b>

**TSBA OPEB Trust**  
**Profit & Loss**  
 July through December 2022

	Jul - Dec 22
<b>Income</b>	
4300-00 · Contributions	
4300-60 · Contributions - Arlington	145,000.00
<b>Total 4300-00 · Contributions</b>	<b>145,000.00</b>
4400-00 · Unrealized Gain/Loss	
4400-10 · Unrealized Gain/Loss - Hickman	-1,704.79
4400-20 · Unrealized Gain/Loss - Johnson	-920.23
4400-30 · Unrealized Gain/Loss - Shelby	-299,738.51
4400-50 · Unrealized Gain/Loss - JMadison	-381.66
4400-60 · Unrealized Gain/Loss - Arlingto	-9,613.68
4400-70 · Unrealized Gain/Loss - Bartlett	-47,321.25
4400-80 · Unrealized Gain/Loss - Collierv	-1,824.70
4400-90 · Unrealized Gain/Loss - Lakeland	-2,914.47
4400-91 · Unrealized Gain/Loss - Millingt	-291.33
<b>Total 4400-00 · Unrealized Gain/Loss</b>	<b>-364,710.62</b>
4500-00 · Interest, Dividends&Capital Gn	
4500-10 · Interest, Div., & CG - Hickman	45,984.74
4500-20 · Interest, Div., & CG - Johnson	22,760.55
4500-30 · Interest, Div., & CG - Shelby	2,031,958.14
4500-50 · Interest, Div., & CG - JMadison	8,374.20
4500-60 · Interest, Div., & CG - Arlingto	69,232.93
4500-70 · Interest, Div., & CG - Bartlett	97,700.65
4500-80 · Interest, Div., & CG - Collierv	38,041.06
4500-90 · Interest, Div., & CG - Lakeland	47,929.06
4500-91 · Interest, Div., & CG - Millingt	6,361.38
<b>Total 4500-00 · Interest, Dividends&amp;Capital Gn</b>	<b>2,368,342.71</b>
4800-00 · Interest Income	0.30
<b>Total Income</b>	<b>2,148,632.39</b>
<b>Expense</b>	
6400-00 · Administrative Fee	
6400-10 · Administrative Fee - Hickman	2,963.93
6400-20 · Administrative Fee - Johnson	1,466.46
6400-30 · Administrative Fee - Shelby	70,045.12
6400-50 · Administrative Fee -J. Madison	538.60
6400-60 · Administrative Fee - Arlington	4,368.17
6400-70 · Administrative Fee - Bartlett	6,386.77
6400-80 · Administrative Fee - Colliervil	2,438.48
6400-90 · Administrative Fee - Lakeland	3,044.19
6400-91 · Administrative Fee - Millington	409.08
<b>Total 6400-00 · Administrative Fee</b>	<b>91,660.80</b>
6500-00 · Investment Advisor Fees	
6500-10 · Investment Advisor Fees - Hickm	2,074.22
6500-20 · Investment Advisor Fees - Johns	1,027.34
6500-30 · Investment Advisor Fees - Shelb	92,418.00
6500-50 · Investment Advisor Fees - JMadi	378.04
6500-60 · Investment Advisor Fees - Arlin	3,129.55
6500-70 · Investment Advisor Fees - Bartl	4,539.93
6500-80 · Investment Advisor Fees - Colli	1,720.03
6500-90 · Investment Advisor Fees - Lakel	2,172.80
6500-91 · Investment Advisor Fees - Milli	286.82
<b>Total 6500-00 · Investment Advisor Fees</b>	<b>107,746.73</b>
<b>Total Expense</b>	<b>199,407.53</b>
<b>Net Income</b>	<b>1,949,224.86</b>

# TSBA OPEB Trust

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

## 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 laws<sup>1</sup> 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 & Equivalent	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.

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### Legal References

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

## Custom Report

Prepared on February 01, 2023 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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## TABLE OF CONTENTS

Market Overview	3
Investment Summary Dollar Weighted Returns	4
Investment Policy Range - Updated Oct 2020	5
Asset Allocation	6
Equities Asset Allocation	7
Fixed Income & Preferreds Asset Allocation	8
Projected 12 Month Income Summary	9
Time Weighted Performance Summary	10
Risk Vs. Return	11
Modern Portfolio Theory	12
Account(s) Included In This Report w/ Performance Since Inception	13
Disclosures	15

Please review the disclosures and definitions throughout this Document and if you require more information or have 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.

## MORGAN STANLEY WEALTH MANAGEMENT GLOBAL INVESTMENT COMMITTEE COMMENTARY

In 2022, persistent global inflationary pressures and coordinated central bank rate hikes led equities to decline to bear market lows and fixed income to experience the sharpest losses in decades. This was the first time in modern history where both US stocks and long-term bonds declined by double digits in a year. The traditional 60% stock/40% bond portfolio lost -16.1% in 2022, the worst return in more than 50 years. By the end of 2022, the S&P 500 met 3,839.50, down -18.1%, the largest annual total return drawdown for the index since 2008. Meanwhile, as interest rates rose following the Federal Open Market Committee's (FOMC) steep rate-hiking campaign, which was structured to lessen the highest level of inflation in 40 years, US investment grade fixed income, represented by the Bloomberg US Aggregate Index, posted a decline of -13.0% for 2022, the weakest annual total return for this index since its 1976 inception.

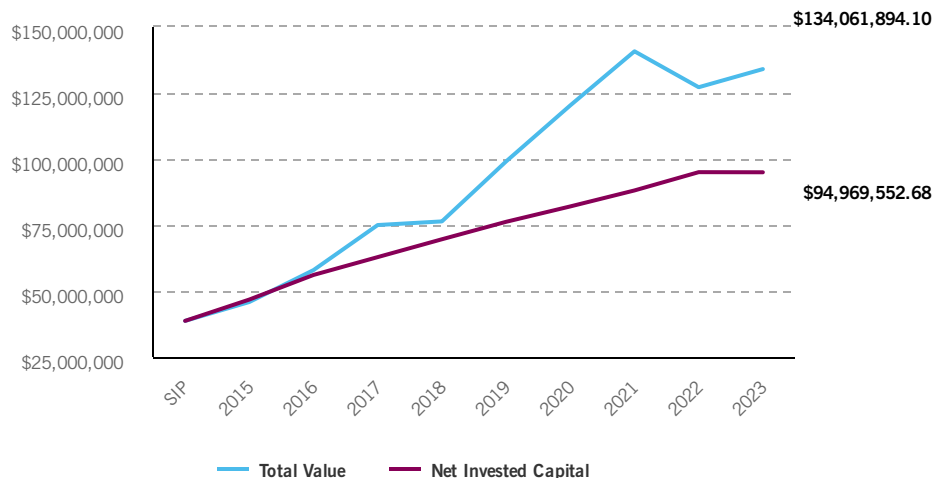
The year proved to be volatile for markets and commodities due to geopolitical uncertainties, slow demand, and supply-chain pressures. This period included a nearly 56% rise in WTI oil price to the peak of \$123.70 during the first quarter and a subsequent 36.6% decline to end 2022 at \$80.26. Meanwhile natural gas gained close to +160% through August, with an ensuing -54% fall by year end. Nonetheless, during the fourth quarter, commodity prices remained relatively stable, as many input costs rolled over and supply chains recovered. This occurred even as the FOMC continued to raise interest rates. Within equities, a bear market rally ensued from mid-October until the end of November, supported by better-than-anticipated 3Q22 corporate earnings results, declining commodity prices, investor deliberation on the future of the FOMC's policy path, and hope for reaccelerating growth from China's reopening. The Bloomberg Commodity Index increased +1.2% from the end of September through December (+13.5% for 2022) to finish the year at \$80.26.

The US dollar strengthened against global currencies in 2022 due to the rapid rise in rates and a flight to "safety." Yet, in the fourth quarter, global monetary policy actions and investor anticipations of a potential pivot from the FOMC led international currencies to advance. Fixed income and equity asset classes generally progressed during the quarter, with many European and Asian equity indices posting double-digit gains alongside strength in the Energy, Industrials, and Materials sectors. The Bloomberg US Aggregate Index improved 1.9% in the fourth quarter of 2022. After the US two-year Treasury yield reached 4.72% in early November, its highest levels since 2007, the yield returned to 4.43% by the end of 4Q. The US 10-year Treasury yield closed 4Q at 3.87%, up from 3.83% as of September 30.

In the US, the S&P 500 gained 7.5% sequentially in 4Q22 after reaching the 2022 bear market low on October 12. During the quarter, the value style outperformed the growth style, while large- and mid-caps outpaced small-caps. The Dow Jones Industrial Average increased 16.0% in 4Q, whereas the NASDAQ Composite was one of the few US equity indices to decline (-0.8%). The MSCI All Country World Index, a global equity index, gained +9.9%, while the MSCI Europe and MSCI Emerging Markets indices recovered +19.9% and +9.6%, respectively.

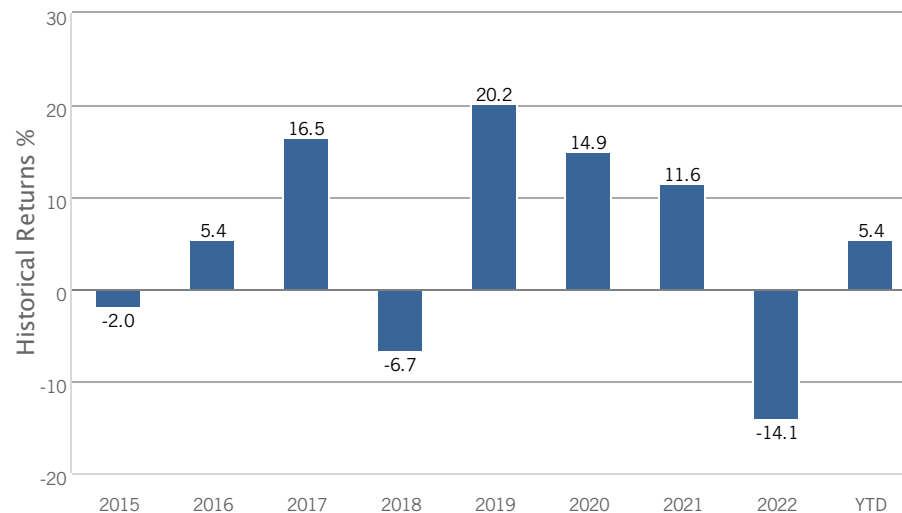
Inflation remained elevated even as the US Headline CPI Inflation cooled to 7.1% year-over-year in November, a decline from the June peak of 9.1%. Since the inflation rate remained well above the FOMC's target of 2%, the Committee raised interest rates 1.25% during 4Q. This brought the total amount of the FOMC's rate increase to 4.25%. The FOMC does not anticipate inflation will come down quickly due to the strength of the labor market and notes that additional hikes are possible. MS & Co.'s Ellen Zentner expects an announcement of a 25 bp hike at the February meeting, with the potential for additional FOMC rate hikes in 2023, should jobs growth continue.

## TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

## DOLLAR-WEIGHTED PERIOD RETURN % (NET OF FEES)

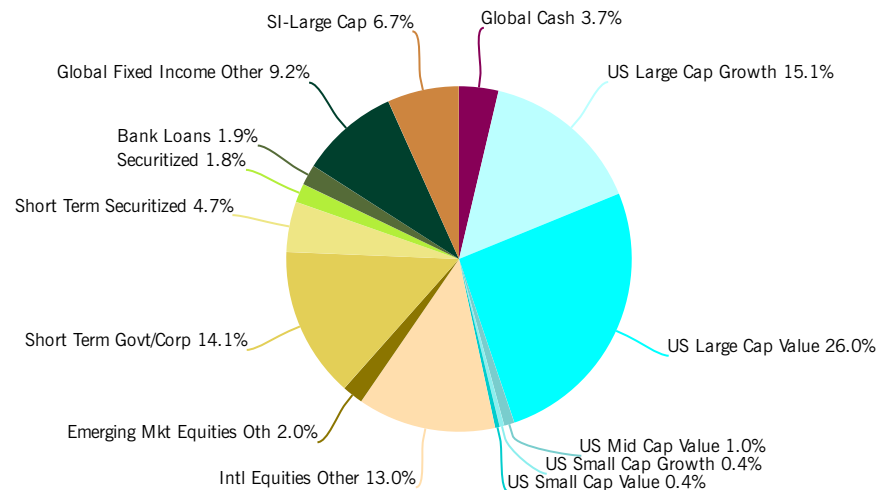


Does not include Performance Ineligible Assets.

## DOLLAR-WEIGHTED RETURN % (NET OF FEES)

	Quarter to Date (\$) 12/31/22-01/31/23	Previous Year (\$) 12/31/21-12/30/22	Performance Inception (\$) 06/09/15-01/31/23
<b>Beginning Total Value</b>	<b>127,186,040</b>	<b>140,794,592</b>	<b>38,680,482</b>
Net Contributions/Withdrawals	-46,714	6,925,019	56,289,071
Investment Earnings	6,922,569	-20,533,571	39,092,341
<b>Ending Total Value</b>	<b>134,061,894</b>	<b>127,186,040</b>	<b>134,061,894</b>
<b>DOLLAR WEIGHTED RATE OF RETURN (%)</b> (Annualized for periods over 12 months)			
Return % (Net of Fees)	5.44	-14.19	6.03
90-Day T-Bills	0.37	1.50	1.01

## 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.

## 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:

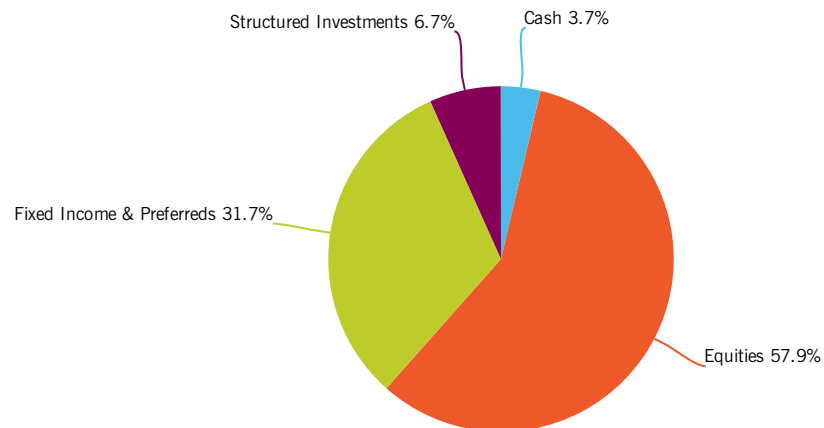
	<u>Maximum Allocation</u>	<u>Minimum Allocation</u>
Equity Investments	70%	35%
Fixed Income Investments	65%	20%
Cash & Equivalents	35%	0%
Alternative Investments – 40 Act Funds	15%	0%
Hedging Strategies		
Commodities ETF's		
Managed Futures Funds		

**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.

ASSET ALLOCATION - ASSET CLASS



ASSET ALLOCATION

	Total Value (\$) 01/31/2023	% of Portfolio 01/31/2023
Cash	4,939,070.93	3.7
Equities	77,591,874.78	57.9
Fixed Income & Preferreds	42,550,033.28	31.7
Structured Investments	8,980,915.11	6.7
<b>TOTAL PORTFOLIO</b>	<b>134,061,894.10</b>	<b>100.0</b>

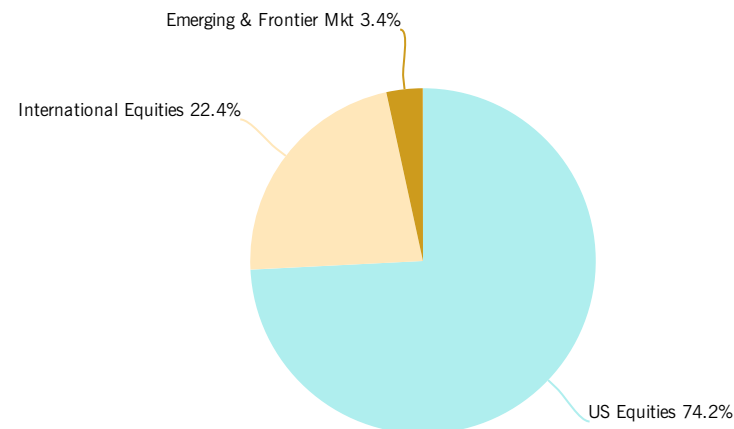
TSBA OPEB TRUST

As of January 31, 2023 | Reporting Currency: USD

## TOP EQUITY POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 01/31/2023	% of Equities 01/31/2023
PGIM JENNISON GROWTH Z	10,128,528.07	13.1
BLACKROCK HIGH EQ INCOME INST	9,018,738.36	11.6
JOHN HANCOCK DISPLND VAL INST	8,996,999.08	11.6
ISHARES CORE MSCI EAFE ETF	8,162,955.56	10.5
ISHARES CORE S&P U.S. VALUE	7,814,690.49	10.1
ISHARES CORE S&P U.S. GROWTH	7,746,244.80	10.0
OAKMARK FUND INSTITUTIONAL	6,608,200.51	8.5
AMERICAN EUROPACIFIC GRW F2	5,284,764.83	6.8
VANGUARD S&P 500 ETF	4,837,541.76	6.2
THORNBURG INTL GROWTH I	3,914,393.66	5.0
<b>Top Equity Positions</b>	<b>72,513,057.12</b>	<b>93.5</b>
<b>Other Equity Positions</b>	<b>5,078,817.66</b>	<b>6.5</b>
<b>Total Equities</b>	<b>77,591,874.78</b>	<b>100.0</b>

## ASSET ALLOCATION - EQUITIES



## ASSET ALLOCATION - EQUITIES

	% of Equities 01/31/2023	Total Value (\$) 01/31/2023	% of Portfolio 01/31/2023
<b>US Equities</b>	<b>74.2</b>	<b>57,586,291.53</b>	<b>43.0</b>
US Large Cap Growth	26.2	20,293,543.75	15.1
US Large Cap Value	44.9	34,857,399.32	26.0
US Mid Cap Value	1.7	1,290,606.80	1.0
US Small Cap Growth	0.7	572,370.83	0.4
US Small Cap Value	0.7	572,370.83	0.4
<b>International Equities</b>	<b>22.4</b>	<b>17,362,114.05</b>	<b>13.0</b>
Intl Equities Other	22.4	17,362,114.05	13.0
<b>Emerging &amp; Frontier Mkt</b>	<b>3.4</b>	<b>2,643,469.20</b>	<b>2.0</b>
Emerging Mkt Equities Oth	3.4	2,643,469.20	2.0
<b>TOTAL EQUITIES</b>	<b>100.0</b>	<b>77,591,874.78</b>	<b>57.9</b>

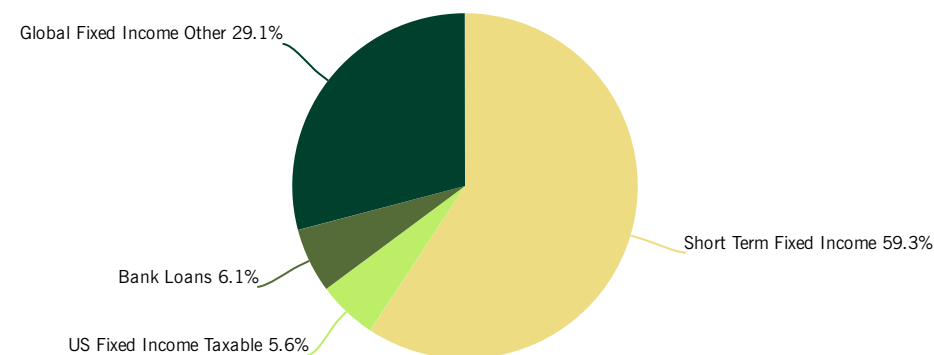
TSBA OPEB TRUST

As of January 31, 2023 | Reporting Currency: USD

## TOP FIXED INCOME &amp; PREFERRED POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 01/31/2023	% of Fixed Income & Preferreds 01/31/2023
PGIM SHORT-TERM CORP BOND Z	25,211,001.39	59.3
PERFORMANCE TRUST STRAT BD I	12,383,786.27	29.1
PUTNAM FLOATING RATE INC Y	2,577,057.77	6.1
ANGEL OAK MULTI STRAT INC I	2,378,187.85	5.6
<b>Top Fixed Income &amp; Preferred Positions</b>	<b>42,550,033.28</b>	<b>100.0</b>
<b>Other Fixed Income &amp; Preferred Positions</b>	-	-
<b>Total Fixed Income &amp; Preferred</b>	<b>42,550,033.28</b>	<b>100.0</b>

## ASSET ALLOCATION - FIXED INCOME &amp; PREFERREDS



## ASSET ALLOCATION - FIXED INCOME &amp; PREFERREDS

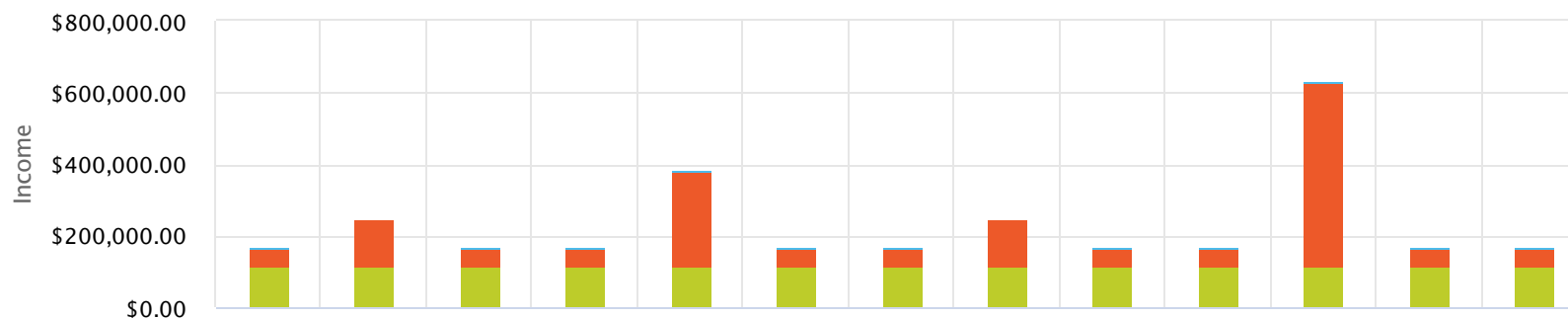
	% of Fixed Income & Preferreds 01/31/2023	Total Value (\$) 01/31/2023	% of Portfolio 01/31/2023
<b>Short Term Fixed Income</b>	<b>59.3</b>	<b>25,211,001.39</b>	<b>18.8</b>
Short Term Govt/Corp	44.4	18,908,251.04	14.1
Short Term Securitized	14.8	6,302,750.35	4.7
<b>US Fixed Income Taxable</b>	<b>5.6</b>	<b>2,378,187.85</b>	<b>1.8</b>
Securitized	5.6	2,378,187.85	1.8
<b>Bank Loans</b>	<b>6.1</b>	<b>2,577,057.77</b>	<b>1.9</b>
Bank Loans	6.1	2,577,057.77	1.9
<b>Global Fixed Income Other</b>	<b>29.1</b>	<b>12,383,786.27</b>	<b>9.2</b>
Global Fixed Income Other	29.1	12,383,786.27	9.2
<b>TOTAL FIXED INCOME &amp; PREFERREDS</b>	<b>100.0</b>	<b>42,550,033.28</b>	<b>31.7</b>

## PROJECTED 12 MONTH INCOME SUMMARY

TSBA OPEB TRUST

As of January 31, 2023 | Reporting Currency: USD

## 12 MONTH INCOME SUMMARY



Asset Class	Total Value (\$) 01/31/2023	02/01/23 to 02/28/23 (\$)	Projected Income (\$) (03/01/23 - 02/29/24)												Total	% Yield	
			Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb			
Cash	4,939,071	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	31,389	0.64
Equities	77,591,875	49,623	128,906	49,623	49,623	263,844	49,623	49,623	128,906	49,623	49,623	49,623	511,913	49,623	49,623	1,459,707	1.88
Fixed Income & Preferreds	42,550,033	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	1,423,104	3.34
Structured Investments	8,980,915	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>134,061,894</b>	<b>170,831</b>	<b>250,114</b>	<b>170,831</b>	<b>170,831</b>	<b>385,051</b>	<b>170,831</b>	<b>170,831</b>	<b>250,114</b>	<b>170,831</b>	<b>170,831</b>	<b>170,831</b>	<b>633,120</b>	<b>170,831</b>	<b>170,831</b>	<b>2,914,200</b>	<b>2.17</b>

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

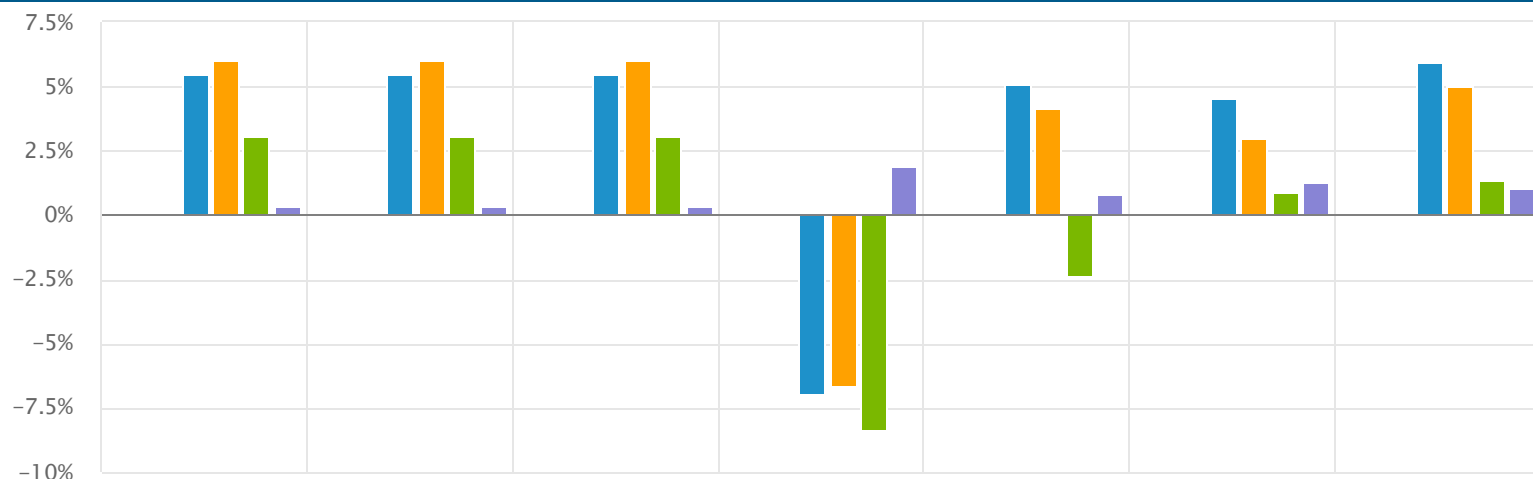
In instances whereby payment frequency and/or last payment date is not available, income is based on the current dividend or coupon rate, and will be displayed in the Total column only.

## TIME WEIGHTED PERFORMANCE SUMMARY

TSBA OPEB TRUST

As of January 31, 2023 | Reporting Currency: USD

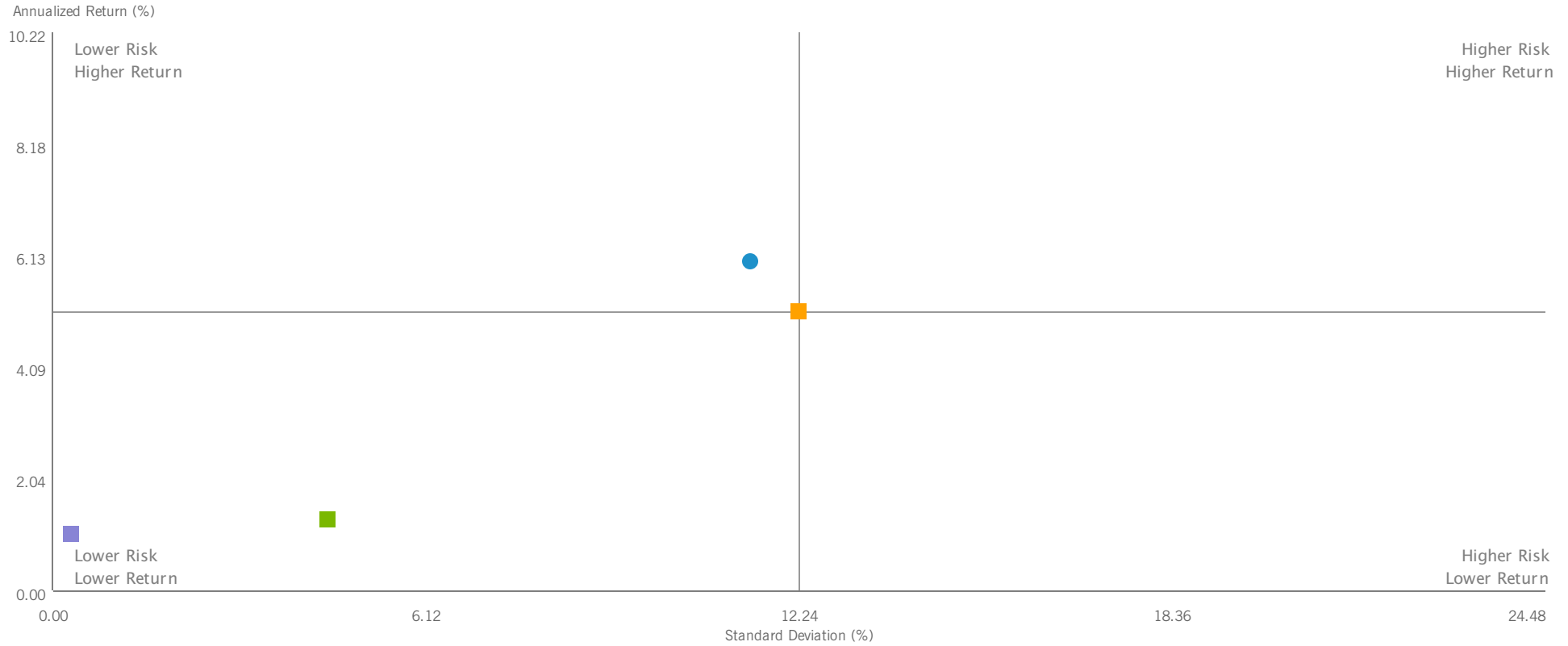
## RETURN % (NET OF FEES) VS. BENCHMARKS (ANNUALIZED)



	Month to Date 12/31/22 - 01/31/23	Quarter to Date 12/31/22 - 01/31/23	Year to Date 12/31/22 - 01/31/23	Last 12 Months 01/31/22 - 01/31/23	Last 3 Years 01/31/20 - 01/31/23	Last 5 Years 01/31/18 - 01/31/23	Performance Inception 06/09/15 - 01/31/23
Beginning Total Value (\$)	127,186,039.81	127,186,039.81	127,186,039.81	136,243,092.36	98,413,459.50	77,774,930.83	38,680,482.15
Net Contributions/Withdrawals (\$)	-46,714.21	-46,714.21	-46,714.21	6,927,195.92	18,799,971.48	32,164,160.67	56,289,070.53
Investment Earnings (\$)	6,922,568.50	6,922,568.50	6,922,568.50	-9,108,394.18	16,848,463.11	24,122,802.59	39,092,341.42
Ending Total Value (\$)	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10
Return % (Net of Fees)	5.44	5.44	5.44	-6.97	5.07	4.55	5.93
TN TSBA Composite (%)	6.03	6.03	6.03	-6.63	4.19	2.98	5.01
Barclays Aggregate (%)	3.08	3.08	3.08	-8.36	-2.35	0.86	1.32
90-Day T-Bills (%)	0.37	0.37	0.37	1.87	0.79	1.30	1.01

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.

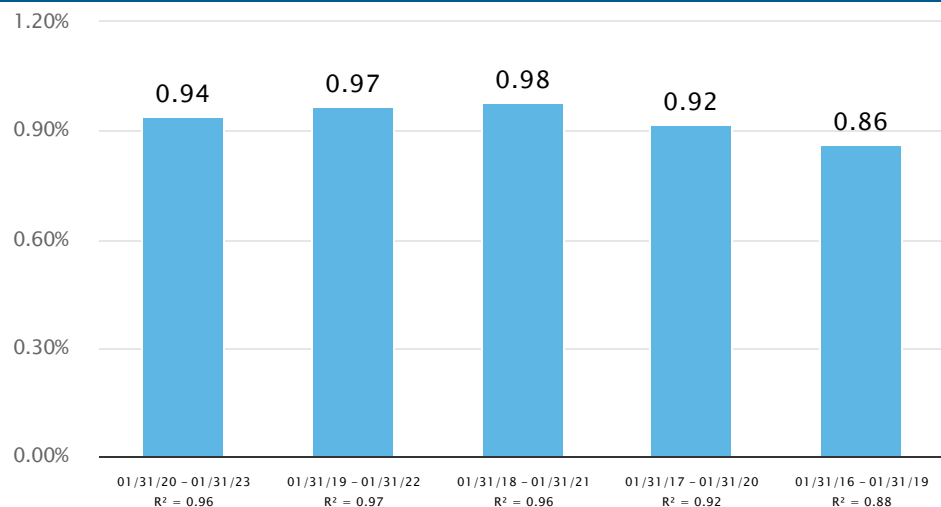
RETURN % (NET OF FEES) AND VOLATILITY VS. BENCHMARKS



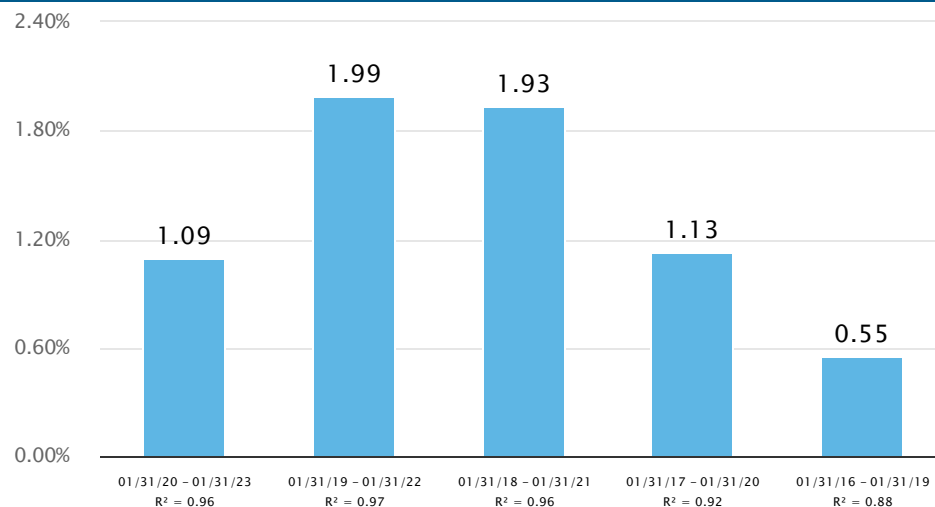
	Return % (Net of Fees) 06/30/15-01/31/23	Standard Deviation (%) 06/30/15-01/31/23
● Portfolio	6.04	11.44
■ TN TSBA Composite	5.11	12.24
■ Barclays Aggregate	1.31	4.52
■ 90-Day T-Bills	1.02	0.30

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.

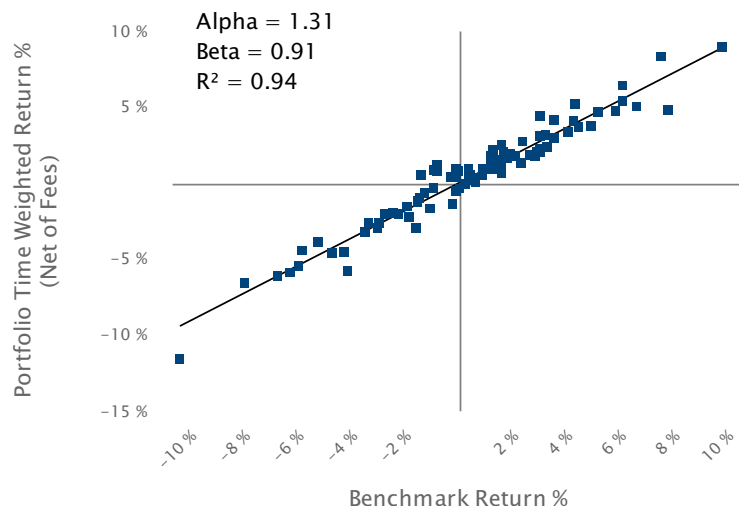
BETA - ROLLING PERIODS - TIME WEIGHTED RETURN %(NET OF FEES)



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.

**R<sup>2</sup>:** 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 R<sup>2</sup> 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.

## 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	Performance (%) Inception - 01/31/23	Total Value (\$) 01/31/23	% of Portfolio 01/31/23
ARLINGTON CITY - Alternative Investment	471-XXX385	AAA	02/18/20 -	-0.07	256,155.89	0.19
ARLINGTON CITY BOE	471-XXX901	Consulting Group Advisor	06/17/15 -	6.08	3,644,750.94	2.72
BARTLETT CITY - Alternative Investment	471-XXX383	AAA	02/18/20 -	0.03	328,796.60	0.25
BARTLETT CITY BOE	471-XXX902	Consulting Group Advisor	06/17/15 -	5.98	5,239,940.52	3.91
Collierville City - Alternative Invest.	471-XXX396	AAA	02/18/20 -	0.11	139,775.28	0.10
COLLIERVILLE CITY BOE	471-XXX903	Consulting Group Advisor	06/17/15 -	5.98	1,995,384.57	1.49
HICKMAN CO.	471-XXX866	Consulting Group Advisor	06/03/15 -	6.13	2,416,645.38	1.80
Hickman Co. - Alternative Investment	471-XXX388	AAA	02/18/20 -	0.17	178,690.76	0.13
JACKSON-MADISON	471-XXX864	Consulting Group Advisor	06/03/15 -	6.12	439,502.89	0.33
JACKSON-MADISON - Alternative Investment	471-XXX403	AAA	02/18/20 -	0.10	32,129.04	0.02
JOHNSON CO.	471-XXX869	Consulting Group Advisor	06/03/15 -	6.13	1,195,387.61	0.89
JOHNSON CO. - Alternative Investment	471-XXX398	AAA	02/18/20 -	0.20	88,651.34	0.07
Lakeland City - Alternative Investment	471-XXX393	AAA	02/18/20 -	0.11	156,852.13	0.12
LAKELAND CITY BOE	471-XXX900	Consulting Group Advisor	06/17/15 -	5.85	2,508,888.77	1.87
MILLINGTON	471-XXX583	Consulting Group Advisor	07/05/16 -	7.07	334,126.90	0.25
MILLINGTON - Alternative Investment	471-XXX409	AAA	02/18/20 -	0	24,104.35	0.02
SHELBY CO.	471-XXX863	Consulting Group Advisor	06/03/15 -	6.06	107,305,982.52	80.04

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.

## 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	Performance (%) Inception - 01/31/23	Total Value (\$) 01/31/23	% of Portfolio 01/31/23
SHELBY CO. - Alternative Investment	471-XXX380	AAA	02/18/20 -	1.34	7,776,128.61	5.80
<b>Morgan Stanley Wealth Management Total</b>					<b>134,061,894.10</b>	<b>100.00</b>
<b>Total Portfolio</b>					<b>134,061,894.10</b>	<b>100.00</b>

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## 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.

The information in this document is approximate and subject to updating, correction and other changes. We are not obligated to notify you if information changes. Although the statements of fact and data in this document have been obtained from, and are based upon sources that we believe to be reliable, we do not guarantee their accuracy, or timeliness, and any such information may be incomplete or condensed. Percentage values shown in this document are subject to rounding, which may impact total values. The values of securities and other investments not actively traded may be estimated or may not be available.

This information is provided for informational purposes only and should not be used for tax preparation. The information reported on your Form(s) 1099 supersedes the information provided in this report and should be exclusively relied upon for tax preparation. Morgan Stanley, its affiliates and its employees are not in the business of providing tax or legal advice. Clients should seek advice based on their particular circumstances from an independent tax and legal advisor. Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services. SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments.

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

**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

## TSBA OPEB TRUST

Prepared on February 01, 2023 | Reporting Currency: USD

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.

**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 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, generally cash balances held in account(s) at Morgan Stanley Smith Barney LLC ("MSSB") are automatically deposited by MSSB into an interest bearing FDIC-insured deposit account(s), at Morgan Stanley Bank, N.A. and/or Morgan Stanley Private Bank, National Association, each a national bank, Member FDIC, and an affiliate of MSSB. Detailed information on federal deposit insurance coverage is available on the FDIC's website (<https://www.fdic.gov/deposit/deposits/>). Cash balances generally include the uninvested cash in a client's account(s) minus certain items such as purchase transactions due to settle within a specified time period, other charges to a client's account(s), and cash balances that are designated as collateral for a client's obligations.

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## RISK ANALYSIS DISCLOSURES

**Taxes, Fees, and Expenses:** This material does not include the effect of taxes, account fees, advisory fees, performance fees, and commissions that could materially affect the illustration provided and the decisions that you may make. The inclusion of these factors will reduce any values referenced herein. 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](http://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](http://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](http://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.

**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.

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

## TSBA OPEB TRUST

Prepared on February 01, 2023 | Reporting Currency: USD

**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 include life insurance and annuities as well as Manually Added and External accounts, assets and liabilities.

**R<sup>2</sup>:** 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 R<sup>2</sup> 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 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 2014, 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, 10.00% MSCI EM Net, 25.00% BC Global Agg 1-3 YR.

**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 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, Turkey, 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

## TSBA OPEB TRUST

Prepared on February 01, 2023 | Reporting Currency: USD

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, Turkey, 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.

**BC Global Agg 1-3 YR:** The Barclays 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.

**Barclays Aggregate:** The Barclays 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**  
**Embassy Suites by Hilton Cool Springs**  
**Cool Springs Boardroom**  
**Friday, February 17, 2023**

**AGENDA**

7:00 a.m.	Call to Order	Dr. Dale Viox, Chairman
7:02 a.m.	Approval of Agenda	
7:04 a.m.	Approval of November 12, 2022 Minutes	
7:06 a.m.	Approval of 6-month Financial Statements (December 31, 2022)	Dr. Tammy Grissom, Trust Administrator
7:10 a.m.	Report of Activities and Fiscal Condition of the Trust	
7:15 a.m.	Review Investment Policy	
7:25 a.m.	Review Investment Report	Chris Sigmund, Morgan Stanley
7:55 a.m.	Other Business	
8:00 a.m.	Adjourn	

**Tennessee School Boards Association  
OPEB Trust Meeting  
Gaylord Opryland Resort and Convention Center  
Magnolia Boardroom A  
November 12, 2022**

The TSBA OPEB Trustees met on Saturday, November 12, 2022. The following members were present: **Dr. Dale Viox**, Arlington; **Kevin Woods**, Shelby County; **Wright Cox**, Collierville; **Keys Fillauer**, Oak Ridge; and **Dr. Tammy Grissom**, Trust Administrator. TSBA staff member present was **Emily Warren**. The following were also in attendance: **Bryan Woodruff**, Bartlett; **Chris Denson**, Millington; **Chris Sigmund** with Morgan Stanley; and **Erica Saeger** with Crosslin.

Dr. Dale Viox called the meeting to order at 12:04 p.m. and welcomed everyone.

**WRIGHT/COX:** Motion to approve the agenda. MOTION CARRIED.

**FILLAUER/VIOX:** Motion to approve February 14, 2022 Minutes. MOTION CARRIED.

**COX/VIOX:** Motion to accept the 3-month Financial Statements (September 30, 2022). 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.

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

Erica Saeger with Crosslin reviewed the June 30, 2022 OPEB Trust Audit. There was no discussion or questions as to the contents of the audit.

**COX/VIOX:** Motion to approve the June 30, 2022 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.

The Trustees discussed ways to market the OPEB Trust. Discussion was held, and it was determined that the TSBA Journal would include an article in the April 2023 edition that highlighted the benefits of joining the OPEB Trust.

**FILLAUER/WOODS:** Motion to approve the appointments of the following Trustees (term: 11/12/22 – 12/31/24): Bryan Woodruff, Bartlett; and Chris Denson, Millington. MOTION CARRIED.

**FILLAUER/WOODS:** Motion to elect Dr. Dale Viox as Chairman and Bryan Woodruff as Vice-Chairman. MOTION CARRIED.

The meeting adjourned at 1:12 p.m.

**Respectfully submitted,**

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**Dr. Dale Viox, Chairman**

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**Dr. Tammy Grissom, OPEB Trust Administrator**

**TSBA OPEB Trust**  
**Balance Sheet**  
As of December 31, 2022

	Dec 31, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000-00 · Suntrust Operating Account	5,653.91
<b>Total Checking/Savings</b>	5,653.91
<b>Other Current Assets</b>	
1300-00 · Investments	
1300-10 · Hickman County Investments	2,459,955.11
1300-20 · Johnson County Investments	1,217,075.24
1300-30 · Shelby County Investments	109,050,323.87
1300-50 · Jackson-Madison Investments	447,013.89
1300-60 · Arlington Investments	3,697,398.69
1300-70 · Bartlett Investments	5,278,231.60
1300-80 · Collierville Investments	2,023,814.32
1300-90 · Lakeland Investments	2,526,633.80
1300-91 · Millington Investments	339,525.69
<b>Total 1300-00 · Investments</b>	127,039,972.21
<b>Total Other Current Assets</b>	127,039,972.21
<b>Total Current Assets</b>	127,045,626.12
<b>TOTAL ASSETS</b>	<b>127,045,626.12</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
3200-00 · Unrestricted Net Assets	125,096,401.26
Net Income	1,949,224.86
<b>Total Equity</b>	127,045,626.12
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>127,045,626.12</b>

**TSBA OPEB Trust**  
**Profit & Loss**  
 July through December 2022

	Jul - Dec 22
<b>Income</b>	
4300-00 · Contributions	
4300-60 · Contributions - Arlington	145,000.00
<b>Total 4300-00 · Contributions</b>	<b>145,000.00</b>
4400-00 · Unrealized Gain/Loss	
4400-10 · Unrealized Gain/Loss - Hickman	-1,704.79
4400-20 · Unrealized Gain/Loss - Johnson	-920.23
4400-30 · Unrealized Gain/Loss - Shelby	-299,738.51
4400-50 · Unrealized Gain/Loss - JMadison	-381.66
4400-60 · Unrealized Gain/Loss - Arlingto	-9,613.68
4400-70 · Unrealized Gain/Loss - Bartlett	-47,321.25
4400-80 · Unrealized Gain/Loss - Collierv	-1,824.70
4400-90 · Unrealized Gain/Loss - Lakeland	-2,914.47
4400-91 · Unrealized Gain/Loss - Millingt	-291.33
<b>Total 4400-00 · Unrealized Gain/Loss</b>	<b>-364,710.62</b>
4500-00 · Interest, Dividends&Capital Gn	
4500-10 · Interest, Div., & CG - Hickman	45,984.74
4500-20 · Interest, Div., & CG - Johnson	22,760.55
4500-30 · Interest, Div., & CG - Shelby	2,031,958.14
4500-50 · Interest, Div., & CG - JMadison	8,374.20
4500-60 · Interest, Div., & CG - Arlingto	69,232.93
4500-70 · Interest, Div., & CG - Bartlett	97,700.65
4500-80 · Interest, Div., & CG - Collierv	38,041.06
4500-90 · Interest, Div., & CG - Lakeland	47,929.06
4500-91 · Interest, Div., & CG - Millingt	6,361.38
<b>Total 4500-00 · Interest, Dividends&amp;Capital Gn</b>	<b>2,368,342.71</b>
4800-00 · Interest Income	0.30
<b>Total Income</b>	<b>2,148,632.39</b>
<b>Expense</b>	
6400-00 · Administrative Fee	
6400-10 · Administrative Fee - Hickman	2,963.93
6400-20 · Administrative Fee - Johnson	1,466.46
6400-30 · Administrative Fee - Shelby	70,045.12
6400-50 · Administrative Fee -J. Madison	538.60
6400-60 · Administrative Fee - Arlington	4,368.17
6400-70 · Administrative Fee - Bartlett	6,386.77
6400-80 · Administrative Fee - Colliervil	2,438.48
6400-90 · Administrative Fee - Lakeland	3,044.19
6400-91 · Administrative Fee - Millington	409.08
<b>Total 6400-00 · Administrative Fee</b>	<b>91,660.80</b>
6500-00 · Investment Advisor Fees	
6500-10 · Investment Advisor Fees - Hickm	2,074.22
6500-20 · Investment Advisor Fees - Johns	1,027.34
6500-30 · Investment Advisor Fees - Shelb	92,418.00
6500-50 · Investment Advisor Fees - JMadi	378.04
6500-60 · Investment Advisor Fees - Arlin	3,129.55
6500-70 · Investment Advisor Fees - Bartl	4,539.93
6500-80 · Investment Advisor Fees - Colli	1,720.03
6500-90 · Investment Advisor Fees - Lakel	2,172.80
6500-91 · Investment Advisor Fees - Milli	286.82
<b>Total 6500-00 · Investment Advisor Fees</b>	<b>107,746.73</b>
<b>Total Expense</b>	<b>199,407.53</b>
<b>Net Income</b>	<b>1,949,224.86</b>

# TSBA OPEB Trust

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

## 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 laws<sup>1</sup> 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 01, 2023 for:  
**TSBA OPEB TRUST**

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TSBA OPEB TRUST U/T/A DTD  
11/05/2012  
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## TABLE OF CONTENTS

Market Overview	3
Investment Summary Dollar Weighted Returns	4
Investment Policy Range - Updated Oct 2020	5
Asset Allocation	6
Equities Asset Allocation	7
Fixed Income & Preferreds Asset Allocation	8
Projected 12 Month Income Summary	9
Time Weighted Performance Summary	10
Risk Vs. Return	11
Modern Portfolio Theory	12
Account(s) Included In This Report w/ Performance Since Inception	13
Disclosures	15

Please review the disclosures and definitions throughout this Document and if you require more information or have 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.

## MORGAN STANLEY WEALTH MANAGEMENT GLOBAL INVESTMENT COMMITTEE COMMENTARY

In 2022, persistent global inflationary pressures and coordinated central bank rate hikes led equities to decline to bear market lows and fixed income to experience the sharpest losses in decades. This was the first time in modern history where both US stocks and long-term bonds declined by double digits in a year. The traditional 60% stock/40% bond portfolio lost -16.1% in 2022, the worst return in more than 50 years. By the end of 2022, the S&P 500 met 3,839.50, down -18.1%, the largest annual total return drawdown for the index since 2008. Meanwhile, as interest rates rose following the Federal Open Market Committee's (FOMC) steep rate-hiking campaign, which was structured to lessen the highest level of inflation in 40 years, US investment grade fixed income, represented by the Bloomberg US Aggregate Index, posted a decline of -13.0% for 2022, the weakest annual total return for this index since its 1976 inception.

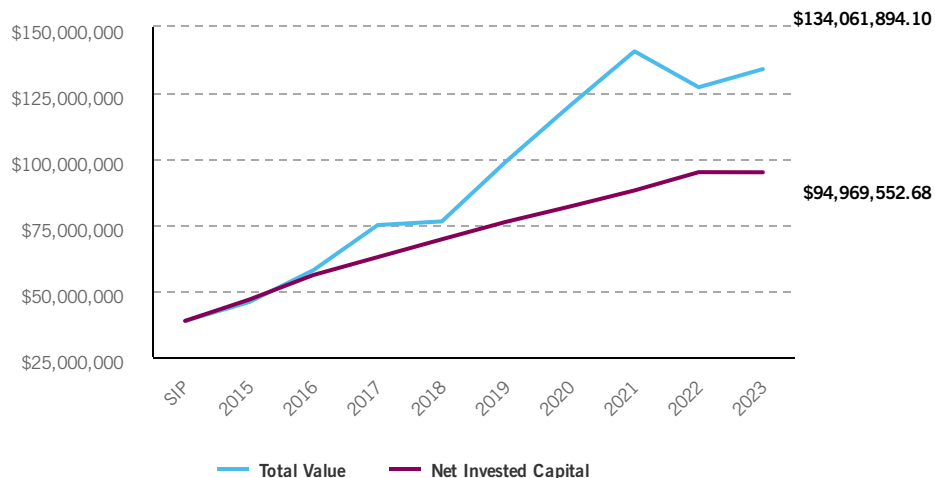
The year proved to be volatile for markets and commodities due to geopolitical uncertainties, slow demand, and supply-chain pressures. This period included a nearly 56% rise in WTI oil price to the peak of \$123.70 during the first quarter and a subsequent 36.6% decline to end 2022 at \$80.26. Meanwhile natural gas gained close to +160% through August, with an ensuing -54% fall by year end. Nonetheless, during the fourth quarter, commodity prices remained relatively stable, as many input costs rolled over and supply chains recovered. This occurred even as the FOMC continued to raise interest rates. Within equities, a bear market rally ensued from mid-October until the end of November, supported by better-than-anticipated 3Q22 corporate earnings results, declining commodity prices, investor deliberation on the future of the FOMC's policy path, and hope for reaccelerating growth from China's reopening. The Bloomberg Commodity Index increased +1.2% from the end of September through December (+13.5% for 2022) to finish the year at \$80.26.

The US dollar strengthened against global currencies in 2022 due to the rapid rise in rates and a flight to "safety." Yet, in the fourth quarter, global monetary policy actions and investor anticipations of a potential pivot from the FOMC led international currencies to advance. Fixed income and equity asset classes generally progressed during the quarter, with many European and Asian equity indices posting double-digit gains alongside strength in the Energy, Industrials, and Materials sectors. The Bloomberg US Aggregate Index improved 1.9% in the fourth quarter of 2022. After the US two-year Treasury yield reached 4.72% in early November, its highest levels since 2007, the yield returned to 4.43% by the end of 4Q. The US 10-year Treasury yield closed 4Q at 3.87%, up from 3.83% as of September 30.

In the US, the S&P 500 gained 7.5% sequentially in 4Q22 after reaching the 2022 bear market low on October 12. During the quarter, the value style outperformed the growth style, while large- and mid-caps outpaced small-caps. The Dow Jones Industrial Average increased 16.0% in 4Q, whereas the NASDAQ Composite was one of the few US equity indices to decline (-0.8%). The MSCI All Country World Index, a global equity index, gained +9.9%, while the MSCI Europe and MSCI Emerging Markets indices recovered +19.9% and +9.6%, respectively.

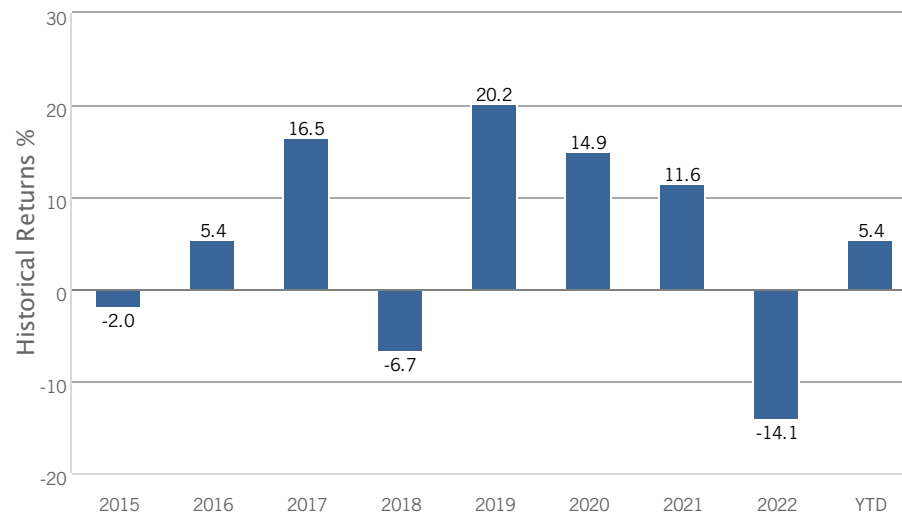
Inflation remained elevated even as the US Headline CPI Inflation cooled to 7.1% year-over-year in November, a decline from the June peak of 9.1%. Since the inflation rate remained well above the FOMC's target of 2%, the Committee raised interest rates 1.25% during 4Q. This brought the total amount of the FOMC's rate increase to 4.25%. The FOMC does not anticipate inflation will come down quickly due to the strength of the labor market and notes that additional hikes are possible. MS & Co.'s Ellen Zentner expects an announcement of a 25 bp hike at the February meeting, with the potential for additional FOMC rate hikes in 2023, should jobs growth continue.

## TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

## DOLLAR-WEIGHTED PERIOD RETURN % (NET OF FEES)

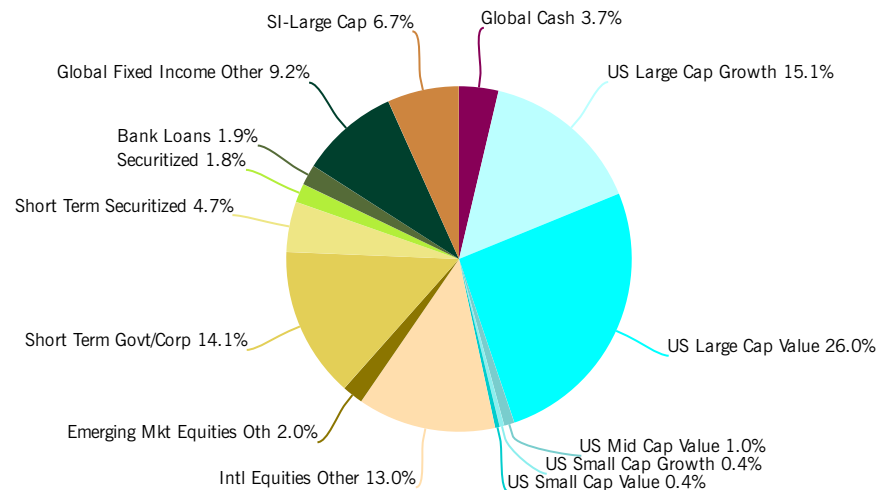


Does not include Performance Ineligible Assets.

## DOLLAR-WEIGHTED RETURN % (NET OF FEES)

	Quarter to Date (\$) 12/31/22-01/31/23	Previous Year (\$) 12/31/21-12/30/22	Performance Inception (\$) 06/09/15-01/31/23
<b>Beginning Total Value</b>	<b>127,186,040</b>	<b>140,794,592</b>	<b>38,680,482</b>
Net Contributions/Withdrawals	-46,714	6,925,019	56,289,071
Investment Earnings	6,922,569	-20,533,571	39,092,341
<b>Ending Total Value</b>	<b>134,061,894</b>	<b>127,186,040</b>	<b>134,061,894</b>
<b>DOLLAR WEIGHTED RATE OF RETURN (%)</b> (Annualized for periods over 12 months)			
Return % (Net of Fees)	5.44	-14.19	6.03
90-Day T-Bills	0.37	1.50	1.01

## 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.

## 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:

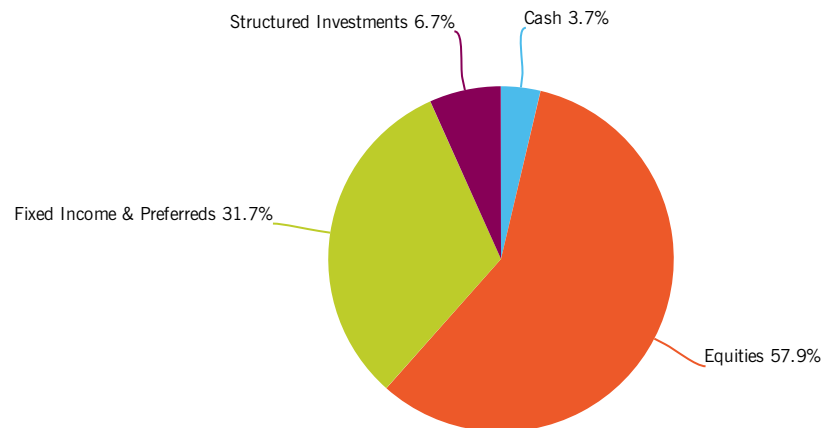
	<u>Maximum Allocation</u>	<u>Minimum Allocation</u>
Equity Investments	70%	35%
Fixed Income Investments	65%	20%
Cash & Equivalents	35%	0%
Alternative Investments – 40 Act Funds	15%	0%
Hedging Strategies		
Commodities ETF's		
Managed Futures Funds		

**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.

ASSET ALLOCATION - ASSET CLASS



ASSET ALLOCATION

	Total Value (\$) 01/31/2023	% of Portfolio 01/31/2023
Cash	4,939,070.93	3.7
Equities	77,591,874.78	57.9
Fixed Income & Preferreds	42,550,033.28	31.7
Structured Investments	8,980,915.11	6.7
<b>TOTAL PORTFOLIO</b>	<b>134,061,894.10</b>	<b>100.0</b>

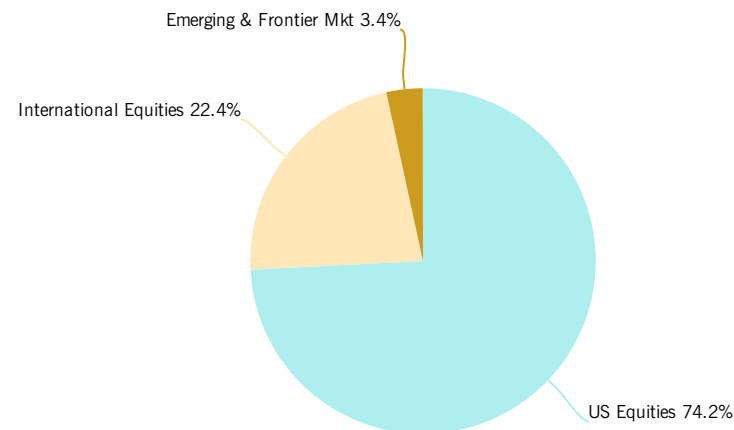
TSBA OPEB TRUST

As of January 31, 2023 | Reporting Currency: USD

## TOP EQUITY POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 01/31/2023	% of Equities 01/31/2023
PGIM JENNISON GROWTH Z	10,128,528.07	13.1
BLACKROCK HIGH EQ INCOME INST	9,018,738.36	11.6
JOHN HANCOCK DISPLND VAL INST	8,996,999.08	11.6
ISHARES CORE MSCI EAFE ETF	8,162,955.56	10.5
ISHARES CORE S&P U.S. VALUE	7,814,690.49	10.1
ISHARES CORE S&P U.S. GROWTH	7,746,244.80	10.0
OAKMARK FUND INSTITUTIONAL	6,608,200.51	8.5
AMERICAN EUROPACIFIC GRW F2	5,284,764.83	6.8
VANGUARD S&P 500 ETF	4,837,541.76	6.2
THORNBURG INTL GROWTH I	3,914,393.66	5.0
<b>Top Equity Positions</b>	<b>72,513,057.12</b>	<b>93.5</b>
<b>Other Equity Positions</b>	<b>5,078,817.66</b>	<b>6.5</b>
<b>Total Equities</b>	<b>77,591,874.78</b>	<b>100.0</b>

## ASSET ALLOCATION - EQUITIES



## ASSET ALLOCATION - EQUITIES

	% of Equities 01/31/2023	Total Value (\$) 01/31/2023	% of Portfolio 01/31/2023
<b>US Equities</b>	<b>74.2</b>	<b>57,586,291.53</b>	<b>43.0</b>
US Large Cap Growth	26.2	20,293,543.75	15.1
US Large Cap Value	44.9	34,857,399.32	26.0
US Mid Cap Value	1.7	1,290,606.80	1.0
US Small Cap Growth	0.7	572,370.83	0.4
US Small Cap Value	0.7	572,370.83	0.4
<b>International Equities</b>	<b>22.4</b>	<b>17,362,114.05</b>	<b>13.0</b>
Intl Equities Other	22.4	17,362,114.05	13.0
<b>Emerging &amp; Frontier Mkt</b>	<b>3.4</b>	<b>2,643,469.20</b>	<b>2.0</b>
Emerging Mkt Equities Oth	3.4	2,643,469.20	2.0
<b>TOTAL EQUITIES</b>	<b>100.0</b>	<b>77,591,874.78</b>	<b>57.9</b>

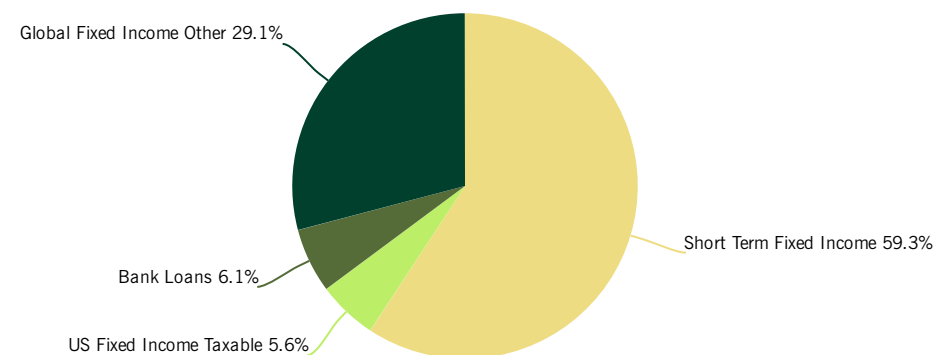
TSBA OPEB TRUST

As of January 31, 2023 | Reporting Currency: USD

## TOP FIXED INCOME &amp; PREFERRED POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 01/31/2023	% of Fixed Income & Preferreds 01/31/2023
PGIM SHORT-TERM CORP BOND Z	25,211,001.39	59.3
PERFORMANCE TRUST STRAT BD I	12,383,786.27	29.1
PUTNAM FLOATING RATE INC Y	2,577,057.77	6.1
ANGEL OAK MULTI STRAT INC I	2,378,187.85	5.6
<b>Top Fixed Income &amp; Preferred Positions</b>	<b>42,550,033.28</b>	<b>100.0</b>
<b>Other Fixed Income &amp; Preferred Positions</b>	<b>-</b>	<b>-</b>
<b>Total Fixed Income &amp; Preferred</b>	<b>42,550,033.28</b>	<b>100.0</b>

## ASSET ALLOCATION - FIXED INCOME &amp; PREFERRED



## ASSET ALLOCATION - FIXED INCOME &amp; PREFERREDS

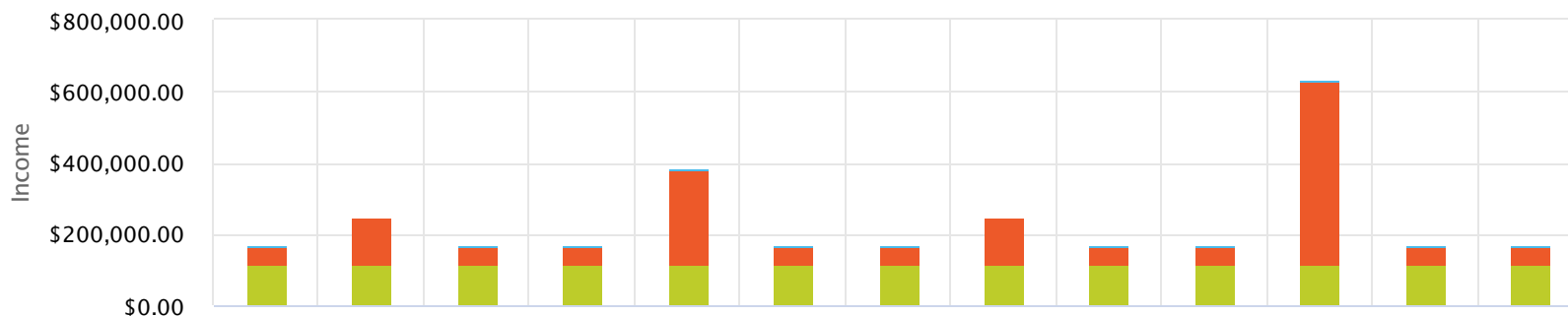
	% of Fixed Income & Preferreds 01/31/2023	Total Value (\$) 01/31/2023	% of Portfolio 01/31/2023
<b>Short Term Fixed Income</b>	<b>59.3</b>	<b>25,211,001.39</b>	<b>18.8</b>
Short Term Govt/Corp	44.4	18,908,251.04	14.1
Short Term Securitized	14.8	6,302,750.35	4.7
<b>US Fixed Income Taxable</b>	<b>5.6</b>	<b>2,378,187.85</b>	<b>1.8</b>
Securitized	5.6	2,378,187.85	1.8
<b>Bank Loans</b>	<b>6.1</b>	<b>2,577,057.77</b>	<b>1.9</b>
Bank Loans	6.1	2,577,057.77	1.9
<b>Global Fixed Income Other</b>	<b>29.1</b>	<b>12,383,786.27</b>	<b>9.2</b>
Global Fixed Income Other	29.1	12,383,786.27	9.2
<b>TOTAL FIXED INCOME &amp; PREFERREDS</b>	<b>100.0</b>	<b>42,550,033.28</b>	<b>31.7</b>

# PROJECTED 12 MONTH INCOME SUMMARY

TSBA OPEB TRUST

As of January 31, 2023 | Reporting Currency: USD

## 12 MONTH INCOME SUMMARY

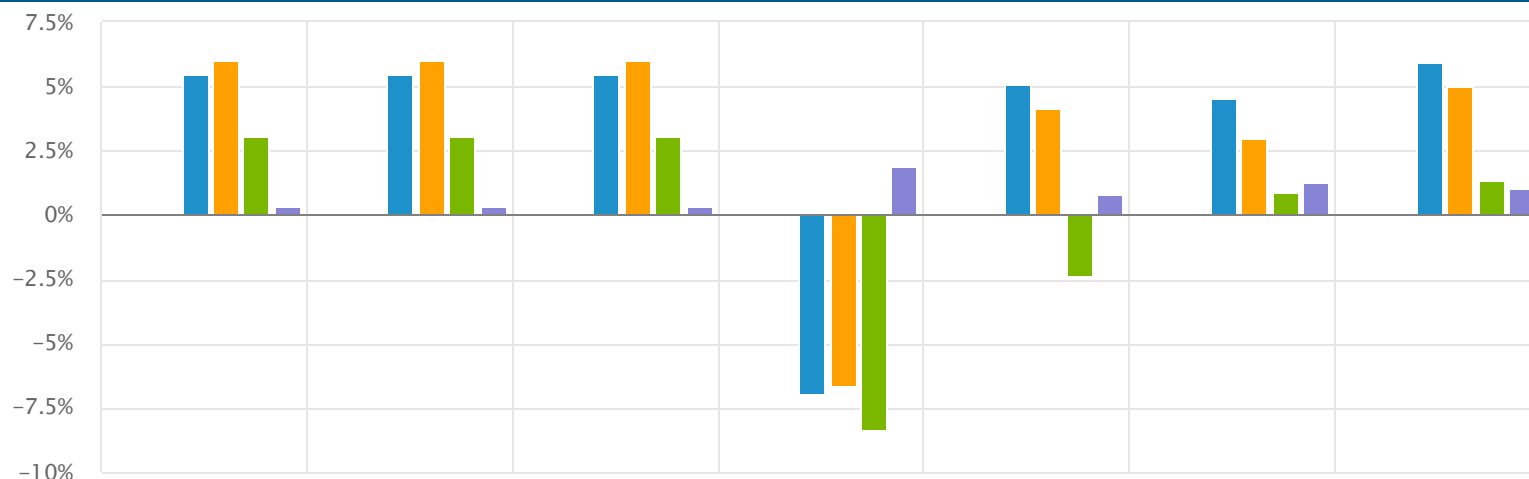


Asset Class	Total Value (\$) 01/31/2023	02/01/23 to 02/28/23 (\$)	Projected Income (\$) (03/01/23 - 02/29/24)												Total	% Yield	
			Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb			
Cash	4,939,071	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	2,616	31,389	0.64
Equities	77,591,875	49,623	128,906	49,623	49,623	263,844	49,623	49,623	128,906	49,623	49,623	49,623	511,913	49,623	49,623	1,459,707	1.88
Fixed Income & Preferreds	42,550,033	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	118,592	1,423,104	3.34
Structured Investments	8,980,915	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>134,061,894</b>	<b>170,831</b>	<b>250,114</b>	<b>170,831</b>	<b>170,831</b>	<b>385,051</b>	<b>170,831</b>	<b>170,831</b>	<b>250,114</b>	<b>170,831</b>	<b>170,831</b>	<b>170,831</b>	<b>633,120</b>	<b>170,831</b>	<b>170,831</b>	<b>2,914,200</b>	<b>2.17</b>

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.

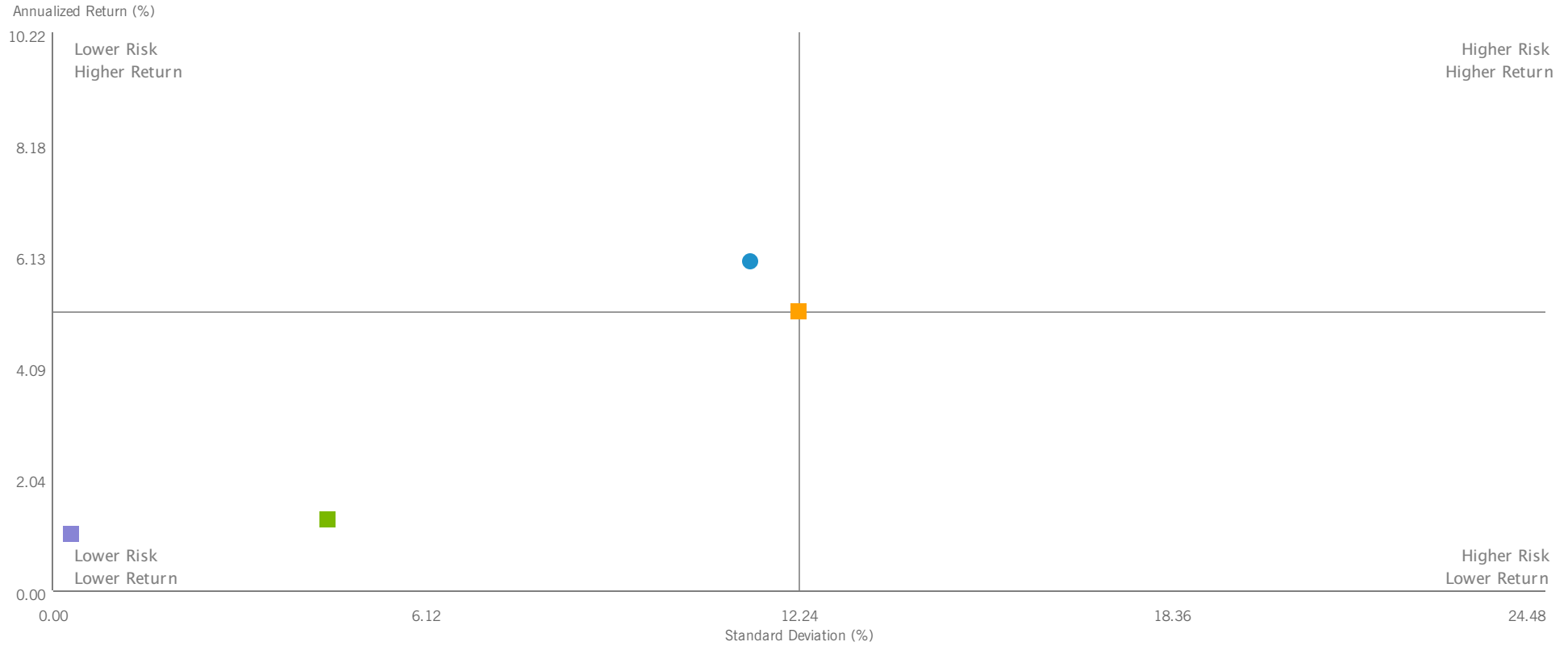
## RETURN % (NET OF FEES) VS. BENCHMARKS (ANNUALIZED)



	Month to Date 12/31/22 - 01/31/23	Quarter to Date 12/31/22 - 01/31/23	Year to Date 12/31/22 - 01/31/23	Last 12 Months 01/31/22 - 01/31/23	Last 3 Years 01/31/20 - 01/31/23	Last 5 Years 01/31/18 - 01/31/23	Performance Inception 06/09/15 - 01/31/23
Beginning Total Value (\$)	127,186,039.81	127,186,039.81	127,186,039.81	136,243,092.36	98,413,459.50	77,774,930.83	38,680,482.15
Net Contributions/Withdrawals (\$)	-46,714.21	-46,714.21	-46,714.21	6,927,195.92	18,799,971.48	32,164,160.67	56,289,070.53
Investment Earnings (\$)	6,922,568.50	6,922,568.50	6,922,568.50	-9,108,394.18	16,848,463.11	24,122,802.59	39,092,341.42
Ending Total Value (\$)	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10	134,061,894.10
Return % (Net of Fees)	5.44	5.44	5.44	-6.97	5.07	4.55	5.93
TN TSBA Composite (%)	6.03	6.03	6.03	-6.63	4.19	2.98	5.01
Barclays Aggregate (%)	3.08	3.08	3.08	-8.36	-2.35	0.86	1.32
90-Day T-Bills (%)	0.37	0.37	0.37	1.87	0.79	1.30	1.01

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.

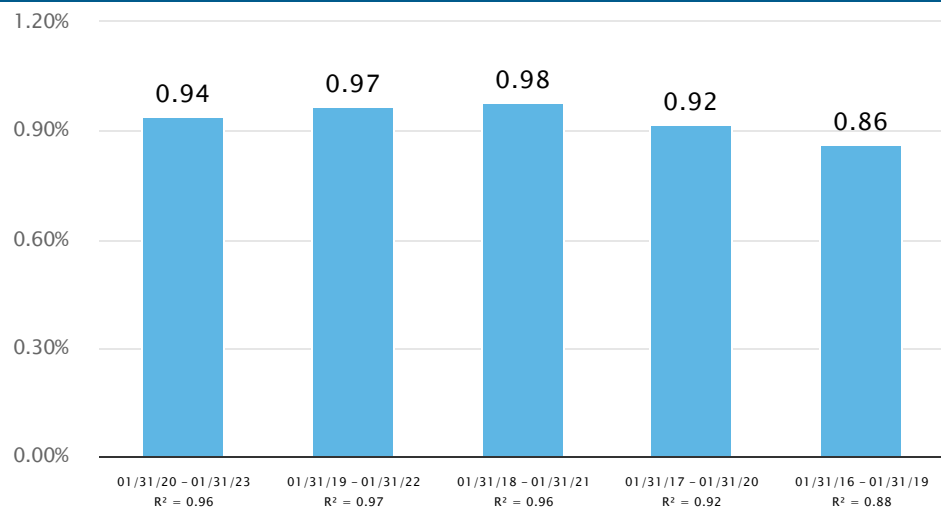
RETURN % (NET OF FEES) AND VOLATILITY VS. BENCHMARKS



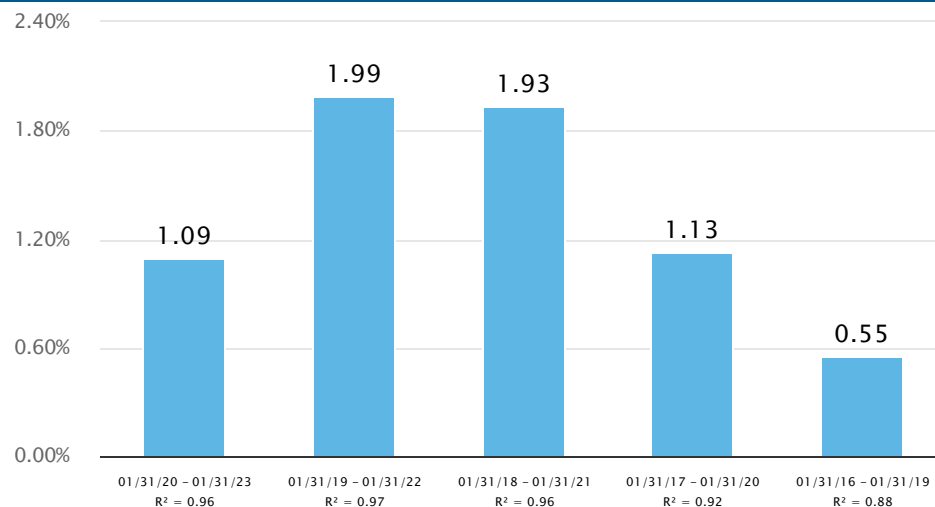
	Return % (Net of Fees) 06/30/15-01/31/23	Standard Deviation (%) 06/30/15-01/31/23
● Portfolio	6.04	11.44
■ TN TSBA Composite	5.11	12.24
■ Barclays Aggregate	1.31	4.52
■ 90-Day T-Bills	1.02	0.30

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.

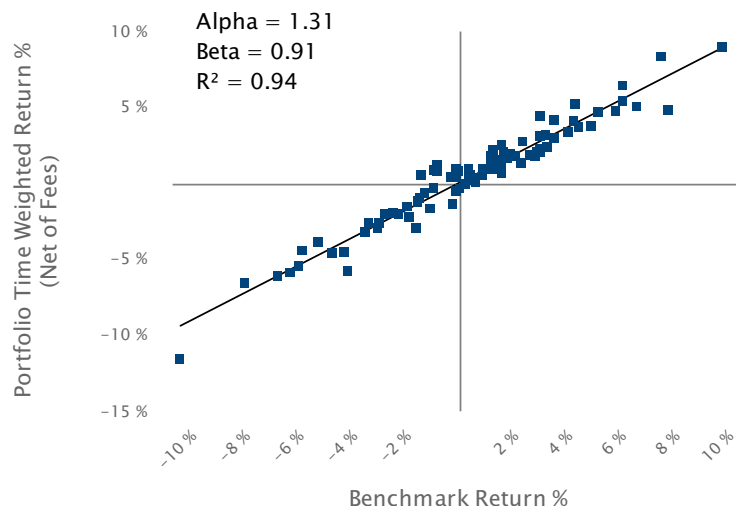
BETA - ROLLING PERIODS - TIME WEIGHTED RETURN %(NET OF FEES)



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.

**R<sup>2</sup>:** 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 R<sup>2</sup> 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.

## 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	Performance (%) Inception - 01/31/23	Total Value (\$) 01/31/23	% of Portfolio 01/31/23
ARLINGTON CITY - Alternative Investment	471-XXX385	AAA	02/18/20 -	-0.07	256,155.89	0.19
ARLINGTON CITY BOE	471-XXX901	Consulting Group Advisor	06/17/15 -	6.08	3,644,750.94	2.72
BARTLETT CITY - Alternative Investment	471-XXX383	AAA	02/18/20 -	0.03	328,796.60	0.25
BARTLETT CITY BOE	471-XXX902	Consulting Group Advisor	06/17/15 -	5.98	5,239,940.52	3.91
Collierville City - Alternative Invest.	471-XXX396	AAA	02/18/20 -	0.11	139,775.28	0.10
COLLIERVILLE CITY BOE	471-XXX903	Consulting Group Advisor	06/17/15 -	5.98	1,995,384.57	1.49
HICKMAN CO.	471-XXX866	Consulting Group Advisor	06/03/15 -	6.13	2,416,645.38	1.80
Hickman Co. - Alternative Investment	471-XXX388	AAA	02/18/20 -	0.17	178,690.76	0.13
JACKSON-MADISON	471-XXX864	Consulting Group Advisor	06/03/15 -	6.12	439,502.89	0.33
JACKSON-MADISON - Alternative Investment	471-XXX403	AAA	02/18/20 -	0.10	32,129.04	0.02
JOHNSON CO.	471-XXX869	Consulting Group Advisor	06/03/15 -	6.13	1,195,387.61	0.89
JOHNSON CO. - Alternative Investment	471-XXX398	AAA	02/18/20 -	0.20	88,651.34	0.07
Lakeland City - Alternative Investment	471-XXX393	AAA	02/18/20 -	0.11	156,852.13	0.12
LAKELAND CITY BOE	471-XXX900	Consulting Group Advisor	06/17/15 -	5.85	2,508,888.77	1.87
MILLINGTON	471-XXX583	Consulting Group Advisor	07/05/16 -	7.07	334,126.90	0.25
MILLINGTON - Alternative Investment	471-XXX409	AAA	02/18/20 -	0	24,104.35	0.02
SHELBY CO.	471-XXX863	Consulting Group Advisor	06/03/15 -	6.06	107,305,982.52	80.04

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.

## ACCOUNT(S) INCLUDED IN THIS REPORT

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Reporting Currency: USD

## MORGAN STANLEY WEALTH MANAGEMENT (Continued)

Account Name	Account Number	Account Type/ Manager Name	Date Opened/ Date Closed	Performance (%) Inception - 01/31/23	Total Value (\$) 01/31/23	% of Portfolio 01/31/23
SHELBY CO. - Alternative Investment	471-XXX380	AAA	02/18/20 -	1.34	7,776,128.61	5.80
<b>Morgan Stanley Wealth Management Total</b>					<b>134,061,894.10</b>	<b>100.00</b>
<b>Total Portfolio</b>					<b>134,061,894.10</b>	<b>100.00</b>

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## 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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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

**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

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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.

**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 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, generally cash balances held in account(s) at Morgan Stanley Smith Barney LLC ("MSSB") are automatically deposited by MSSB into an interest bearing FDIC-insured deposit account(s), at Morgan Stanley Bank, N.A. and/or Morgan Stanley Private Bank, National Association, each a national bank, Member FDIC, and an affiliate of MSSB. Detailed information on federal deposit insurance coverage is available on the FDIC's website (<https://www.fdic.gov/deposit/deposits/>). Cash balances generally include the uninvested cash in a client's account(s) minus certain items such as purchase transactions due to settle within a specified time period, other charges to a client's account(s), and cash balances that are designated as collateral for a client's obligations.

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## RISK ANALYSIS DISCLOSURES

**Taxes, Fees, and Expenses:** This material does not include the effect of taxes, account fees, advisory fees, performance fees, and commissions that could materially affect the illustration provided and the decisions that you may make. The inclusion of these factors will reduce any values referenced herein. 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](http://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](http://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](http://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.

**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.

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

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**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 include life insurance and annuities as well as Manually Added and External accounts, assets and liabilities.

**R<sup>2</sup>:** 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 R<sup>2</sup> 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 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 2014, 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, 10.00% MSCI EM Net, 25.00% BC Global Agg 1-3 YR.

**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 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, Turkey, 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

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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, Turkey, 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.

**BC Global Agg 1-3 YR:** The Barclays 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.

**Barclays Aggregate:** The Barclays 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).