



Texas Hospital Association | First Quarter 2019

Monthly Investment Review

All information presented in this report should be considered preliminary.

Finalized data will be available on the next Quarterly Investment Report after the close of the quarter.

Retirement Plan Preliminary Performance Update

| | Allocation | | Performance(%) | | | | | |
|---|--------------------|--------------|----------------|------------|------------|------------|------------|-------------|
| | Market Value (\$) | % | 1 Month | 1 Quarter | 1 Year | 3 Years | 5 Years | 10 Years |
| THA Retirement Plan Including Transition Account | 611,421,608 | 109.3 | 1.1 | 9.2 | 5.4 | 9.2 | 6.8 | 11.3 |
| THA Retirement Plan | 559,603,168 | 100.0 | 1.1 | 10.2 | 5.8 | 9.3 | 6.9 | 11.3 |
| THA Retirement Plan Custom Benchmark | | | 1.4 | 10.9 | 6.6 | 9.6 | 7.5 | 12.2 |
| THA Mix 4 Custom Benchmark | | | 1.4 | 10.9 | 6.6 | 10.0 | 7.7 | 12.3 |
| U.S. Equity Managers | 356,959,737 | 63.8 | | | | | | |
| State Street S&P 500 Index NL Fund | 205,299,825 | 36.7 | 1.9 | 13.6 | 9.5 | 13.5 | 10.9 | 15.9 |
| S&P 500 Index | | | 1.9 | 13.6 | 9.5 | 13.5 | 10.9 | 15.9 |
| BHM&S | 69,625,298 | 12.4 | 0.5 | 9.8 | 6.8 | 10.5 | 6.8 | 13.8 |
| Russell 1000 Value Index | | | 0.6 | 11.9 | 5.7 | 10.5 | 7.7 | 14.5 |
| Vanguard Small Cap Index | 82,034,614 | 14.7 | -0.9 | 16.2 | 5.6 | 12.8 | 7.9 | 17.0 |
| Vanguard Spliced Small Cap Custom Index | | | -0.9 | 16.2 | 5.6 | 12.8 | 7.9 | 16.9 |
| International Equity Managers | 55,457,287 | 9.9 | | | | | | |
| Dodge & Cox International Stock | 27,369,537 | 4.9 | -0.8 | 9.8 | -8.0 | 7.9 | 0.8 | 10.2 |
| MSCI EAFE Index (Net) | | | 0.6 | 10.0 | -3.7 | 7.3 | 2.3 | 9.0 |
| Morgan Stanley International Equity Trust | 28,087,750 | 5.0 | 2.3 | 11.3 | -2.5 | 6.7 | 2.2 | 8.2 |
| MSCI EAFE Index (Net) | | | 0.6 | 10.0 | -3.7 | 7.3 | 2.3 | 9.0 |
| U.S. Fixed Income Managers | 140,946,090 | 25.2 | | | | | | |
| State Street Barclays Aggregate Bond Index NL Fund | 70,532,428 | 12.6 | 1.9 | 2.9 | 4.5 | 2.0 | 2.7 | 3.7 |
| Blmbg. Barc. U.S. Aggregate | | | 1.9 | 2.9 | 4.5 | 2.0 | 2.7 | 3.8 |
| PIMCO Total Return | 70,413,662 | 12.6 | 1.5 | 2.8 | 3.8 | 2.8 | 2.9 | - |
| Blmbg. Barc. U.S. Aggregate | | | 1.9 | 2.9 | 4.5 | 2.0 | 2.7 | 3.8 |
| Cash Account | 6,240,055 | 1.1 | | | | | | |
| Transition Account | 51,818,440 | 9.3 | | | | | | |

THA Custom Benchmark information shown in a following page.

Retirement Plan Asset Class Target Mixes

| Asset Class/Style | Mix 4 ¹ | Mix 3 | Mix 2 | Mix 1 |
|--|--------------------|---------------|---------------|---------------|
| Large Cap U.S. Equities | | | | |
| State Street S&P 500 Index NL Fund | 37.5% | 28.0% | 17.0% | |
| Barrow, Hanley Mewhinney & Strauss | 12.5% | 9.0% | 6.0% | |
| Total Large Cap U.S. Equities | 50.0% | 37.0% | 23.0% | 0.0% |
| Small Cap U.S. Equities | | | | |
| Vanguard Small Cap Index | 15.0% | 11.0% | 7.0% | |
| Total Small Cap U.S. Equities | 15.0% | 11.0% | 7.0% | 0.0% |
| International Equities | | | | |
| Dodge & Cox International Stock | 5.0% | 3.5% | 2.5% | |
| Morgan Stanley International Equity Trust | 5.0% | 3.5% | 2.5% | |
| Total International Equities | 10.0% | 7.0% | 5.0% | 0.0% |
| Total Equities | 75.0% | 55.0% | 35.0% | 0.0% |
| Intermediate Fixed Income | | | | |
| State Street Barclays Aggregate Bond Index NL Fund | 12.0% | 22.0% | 32.0% | |
| PIMCO Total Return | 12.0% | 22.0% | 32.0% | |
| Total Intermediate Fixed Income | 24.0% | 44.0% | 64.0% | 0.0% |
| Long Duration Fixed Income | 0.0% | 0.0% | 0.0% | 99.0% |
| Total Long Duration Fixed Income | 0.0% | 0.0% | 0.0% | 99.0% |
| Cash | 1.0% | 1.0% | 1.0% | 1.0% |
| Total Fixed Income | 25.0% | 45.0% | 65.0% | 100.0% |
| Total Portfolio | 100.0% | 100.0% | 100.0% | 100.0% |

¹ Note: As of March 1, 2018, all active plans within the Master Trust are utilizing Mix 4.

Retirement Plan Custom Benchmark Allocations

THA Retirement Plan Custom Benchmark

| Effective Date | S&P 500 Index | Russell 2000 Index | CRSP U.S. Small Cap Index | MSCI EAFE Index | Bloomberg Barclays GC Bond Index | Bloomberg Barclays Aggregate Bond Index | Citigroup 3 Month T-Bill |
|----------------|---------------|--------------------|---------------------------|-----------------|----------------------------------|---|--------------------------|
| 1-Apr-18 | 50.0% | - | 15.0% | 10.0% | - | 24.0% | 1.0% |
| 1-May-15 | 47.5% | - | 14.2% | 9.4% | - | 27.8% | 1.0% |
| 1-Apr-15 | 47.8% | - | 14.3% | 9.5% | - | 27.4% | 1.0% |
| 1-Jan-15 | 50.0% | - | 15.0% | 10.0% | - | 25.0% | - |
| 1-Jul-97 | 50.0% | 15.0% | - | 10.0% | - | 25.0% | - |
| 1-Jul-96 | 50.0% | 15.0% | - | 10.0% | 25.0% | - | - |
| 1-Oct-94 | 45.0% | 10.0% | - | 5.0% | 40.0% | - | - |
| 1-Jan-87 | 55.0% | - | - | - | 45.0% | - | - |

THA Mix 4 Custom Benchmark

| Effective Date | S&P 500 Index | Russell 2000 Index | CRSP U.S. Small Cap Index | MSCI EAFE Index | Bloomberg Barclays GC Bond Index | Bloomberg Barclays Aggregate Bond Index | Citigroup 3 Month T-Bill |
|----------------|---------------|--------------------|---------------------------|-----------------|----------------------------------|---|--------------------------|
| 1-Apr-15 | 50.0% | - | 15.0% | 10.0% | - | 24.0% | 1.0% |
| 1-Jan-15 | 50.0% | - | 15.0% | 10.0% | - | 25.0% | - |
| 1-Jan-87 | 50.0% | 15.0% | - | 10.0% | - | 25.0% | - |

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.
- All information presented in this report should be considered preliminary. Finalized data will be available on next Quarterly Investment Report after the close of the quarter.

Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by AHIC's investment advisory fees or other trust payable expenses you may incur as a client. AHIC's advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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