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Retirement Plan Master Trust Review



THA Retirement Plan Master Trust Summary

As of June 30, 2026

DB Plans	% of Retirement Plan	Asset Class Mix	Trustee Directed DC Plans	% of Retirement Plan
Citizens	18.8%	Mix 4	Starr	1.2%
Guadalupe	13.0%	Mix 4	Limestone MPP	0.7%
Sweeny	0.3%	50% Mix 3 / 50% Mix 1	Limestone 457	0.9%
Tarrant County (JPS)	64.1%	Mix 4		
THA Staff	1.1%	10% Equities / 90% Custom Liability Hedge		
Total	**97.3%**		**Total**	**2.7%**

- Approximate percentages shown based on Rudd & Wisdom's actuarial report and valuations from prior quarter
- In 2022, Aon conducted an Asset-Liability Study for the THA Staff plan given the plan was effectively frozen for non-grandfathered employees due to a formula change. As a result of the study, the plan moved to a Custom Liability Hedge mix
- Aon continues to recommend the other three hospitals consider Asset-Liability Studies (Sweeny considering plan termination)

Retirement Plan Master Trust Asset Class Target Mixes

As of June 30, 2026

Asset Class/Style	Mix 4	Mix 3	Mix 2	Mix 1	THA Staff Mix
Large Cap U.S. Equities					
State Street S&P 500 Index NL Fund	37.5%	27.4%	17.4%	0.0%	5.0%
State Street Russell 1000 Value Index SL Fund	7.5%	5.6%	3.6%	0.0%	1.0%
Total Large Cap U.S. Equities	45.0%	33.0%	21.0%	0.0%	6.0%
Small Cap U.S. Equities					
Vanguard Small Cap Index	15.0%	11.0%	7.0%	0.0%	2.0%
Total Small Cap U.S. Equities	15.0%	11.0%	7.0%	0.0%	2.0%
International Equities					
Dodge & Cox International Stock	7.5%	5.5%	3.5%	0.0%	1.0%
GQG International Equity	7.5%	5.5%	3.5%	0.0%	1.0%
Total International Equities	15.0%	11.0%	7.0%	0.0%	2.0%
Total Equities	**75.0%**	**55.0%**	**35.0%**	**0.0%**	**10.0%**

Retirement Plan Master Trust Asset Class Target Mixes

As of June 30, 2026

Asset Class/Style	Mix 4	Mix 3	Mix 2	Mix 1	THA Staff Mix
Intermediate Fixed Income					
State Street Aggregate Bond Index NL Fund	12.0%	22.0%	32.0%	0.0%	33.5%
Loomis Sayles Core Plus Bond	12.0%	22.0%	32.0%	0.0%	33.5%
Total Intermediate Fixed Income	24.0%	44.0%	64.0%	0.0%	67.0%
Long Duration Fixed Income					
PIMCO U.S. Long Term Bond – Long Credit	0.0%	0.0%	0.0%	99.0%	22.0%
Total Long Duration Fixed Income	0.0%	0.0%	0.0%	99.0%	22.0%
Cash					
Cash	1.0%	1.0%	1.0%	1.0%	1.0%
Total Fixed Income	**25.0%**	**45.0%**	**65.0%**	**100.0%**	**90.0%**
Total Portfolio	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Retirement Plan Investment Structure – Summary & Observations

As of June 30, 2026

Aon reviews the investment structure and the asset class mixes offered to the hospitals within the Master Trust every 24 – 36 months

There is currently a U.S. bias in the Plan that has been beneficial over the past decade as large cap equities have performed extraordinarily well but worth monitoring as concentration risk has become much more prominent and equity valuations are elevated

- "Value" bias in the Plan from the U.S. large cap value mandate which Aon is comfortable maintaining given the current economic conditions
- "Small cap" bias due to limited overlap of existing mandates with mid cap exposure

Aon recommends continuing to monitor the asset allocation for any changes to the five asset class mixes

THA Equity Portfolio	June 30, 2026 Allocation	THA Policy Benchmark	Global Equity Weights
U.S. Equities			
State Street S&P 500 Index	48.4%	50.0%	49.6%
State Street Russell 1000 Value Index	10.0%	10.0%	
Mid Cap Equity	0.0%	0.0%	7.0%
Vanguard Small Cap Index	21.3%	20.0%	6.1%
Total U.S. Equities	79.7%	80.0%	**62.7%**
International Equities			
Doge & Cox International Stock	10.6%	10.0%	
GQG International Equity	9.7%	10.0%	
Total International Equities	20.3%	20.0%	**37.3%**
Total Equities	**100.0%**	**100.0%**	**100.0%**

Small Cap equities have performed well over the trailing one-year period through June 30, 2026.

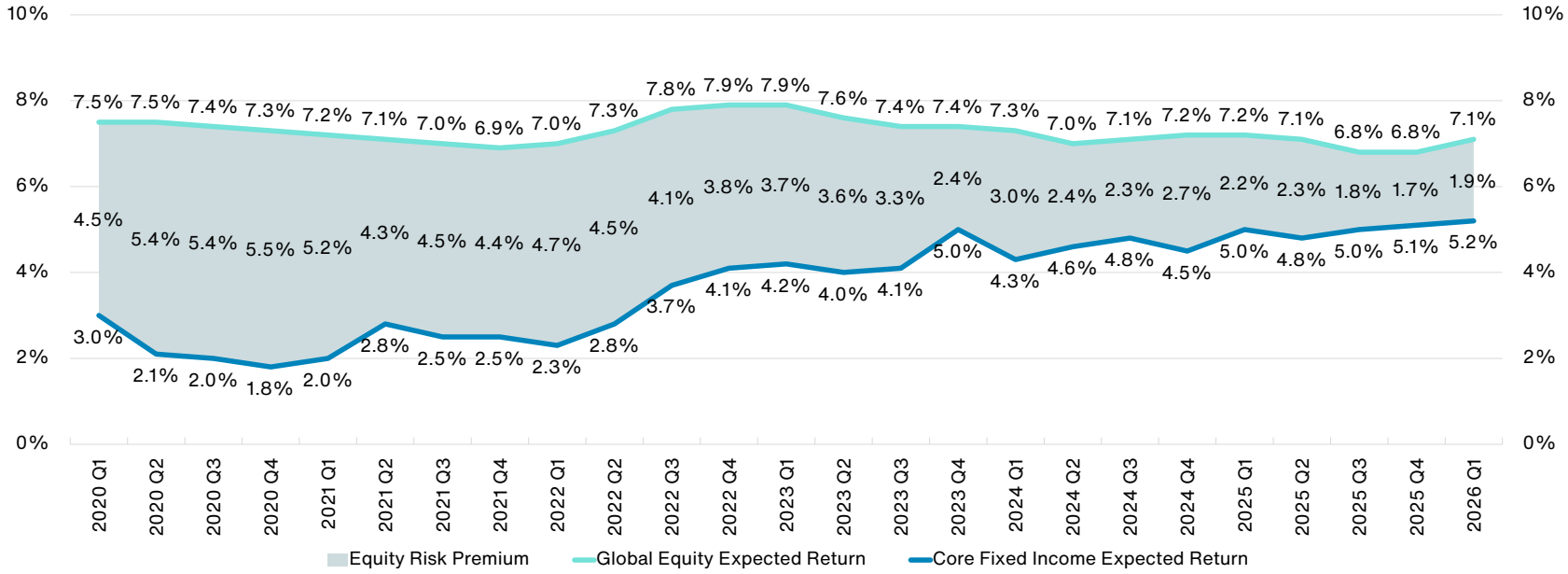
Opportunity to broaden the mandate to also include mid cap equities.

Narrowing of Equity Risk Premium Warrants Caution

As of June 30, 2026

Below is a quarter-over-quarter historical look at the breakdown of the global equity risk premium[1] (defined as global public equity less core fixed income) using Aon's 30-year CMAs:

Breakdown of Global Equity Risk Premium (30Y CMAs)



[1] Equity Risk Premium is defined as the excess return earned over bonds that compensates investors for taking on higher risk

Capital Market Assumptions and Expected Return on Assets

As of June 30, 2026

Given the structure of the THA Master Trust with the underlying hospitals and trustee directed DC Plans, only liquid asset classes (global equity and fixed income) have been implemented historically

- Illiquid asset classes have gained traction in recent years in corporate plans and non-profits as a diversifier to public equities to reduce portfolio volatility with similar levels of expected return
- In addition, the narrower equity risk premium has made fixed income more attractive compared to ten years ago

The table below highlights the expected return on assets and expected volatility of the THA Master Trust based on Aon's March 31, 2026 capital market assumptions:

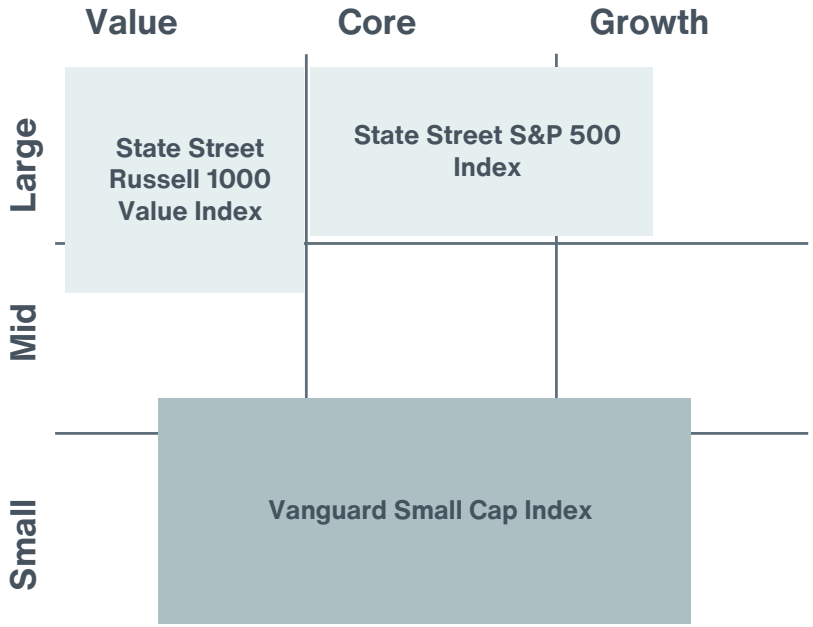
March 31, 2026 Capital Market Assumptions	June 30, 2026 Target Allocation	Expected Return	Expected Volatility
U.S. Large Cap Equity	44.0%	6.9%	18.5%
U.S. Small Cap Equity	15.0%	7.4%	24.6%
International Equity	15.0%	6.6%	19.2%
Core Fixed Income	12.1%	5.2%	5.6%
Core Plus Fixed Income	12.1%	5.6%	6.5%
Long Duration Credit	0.3%	6.5%	11.4%
Cash	1.0%	4.1%	2.0%
Total Expected Return on Assets and Expected Volatility		**7.0%**	**14.2%**

Aon also expects the active managers in international equity and core plus fixed income to add ~25 bps in alpha over the long term which is not reflected in the EROA calculation above

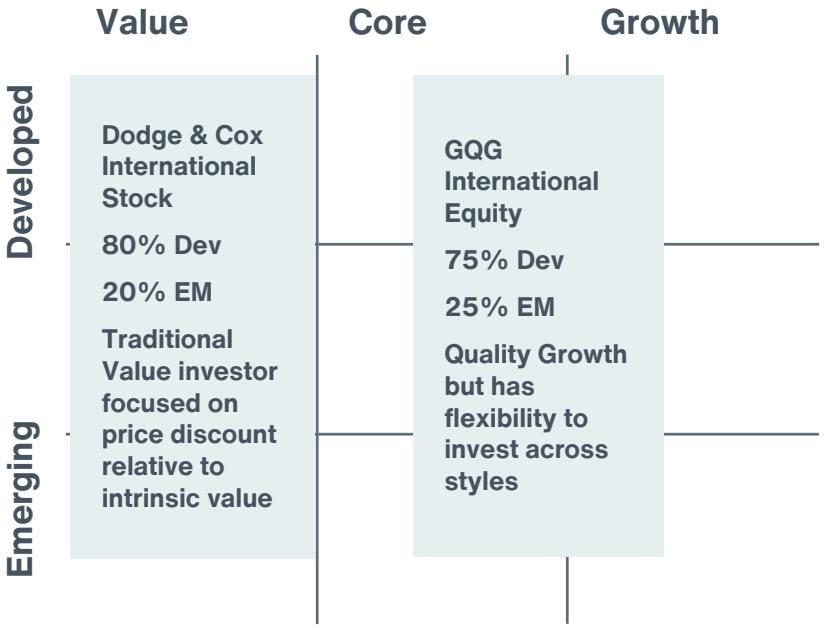
Global Equity Investment Structure – Recommendations

As of June 30, 2026

Current U.S. Equity Portfolio



Current International Equity Portfolio

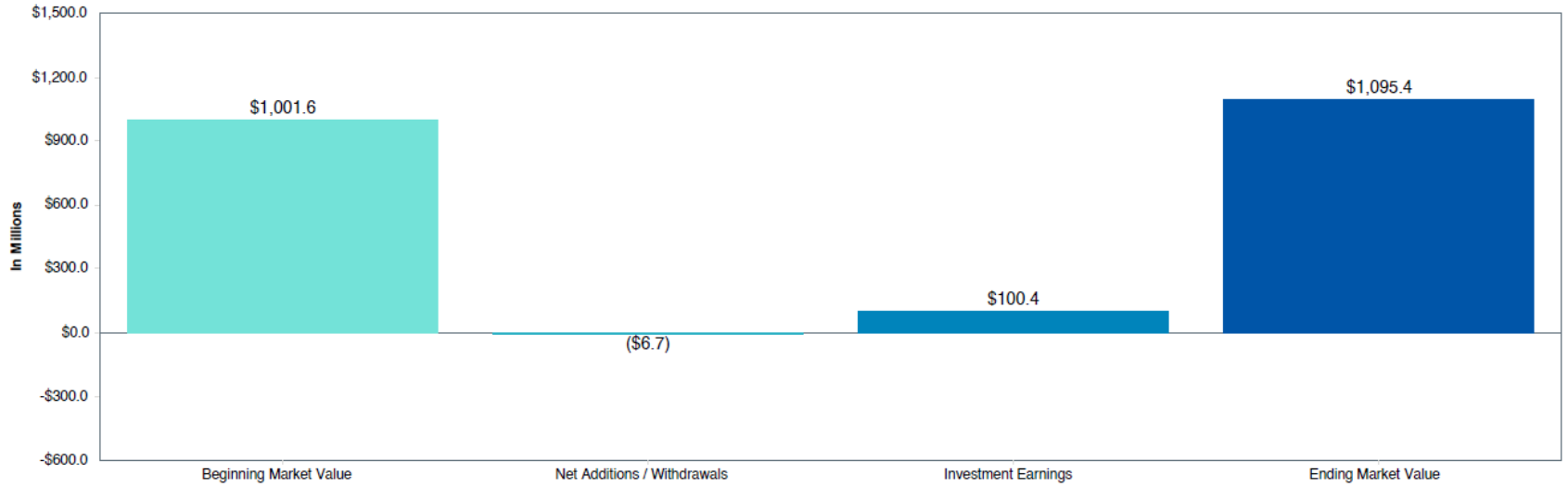


There is one recommendation Aon has for the Board's consideration as a result of our structure review:

Broaden the dedicated Small Cap equity index fund to a Small-Mid Cap equity index (Aon will provide a comparison of State Street and Vanguard small-mid cap index funds at the following meeting)

Total Plan Asset Summary

As of June 30, 2026



Summary of Cash Flows	1 Quarter	Year to Date	1 Year
THA Retirement Plan			
Beginning Market Value	1,001,597,016	1,014,709,573	927,727,592
+ Additions / Withdrawals	-6,657,485	-11,569,458	-238,463
+ Investment Earnings	100,427,305	92,226,721	167,877,707
= Ending Market Value	**1,095,366,836**	**1,095,366,836**	**1,095,366,836**

Quarterly Total Plan Financial Reconciliation

As of June 30, 2026

	Market Value As of 04/01/2026	Contributions	Distributions	Net Transfers	Expenses	Return On Investment	Market Value As of 06/30/2026
Retirement Plan	1,001.6	4.8	-11.4	-	-1.0	101.4	1,095.4
U.S. Equity	587.7	-	-	-10.7	-	89.2	666.2
Large Cap Equity	434.3	-	-	-10.7	-	64.6	488.1
Small Cap Equity	153.5	-	-	-	-	24.6	178.1
International Equity	159.3	-	-	-	-	10.0	169.3
U.S. Fixed Income	249.4	-	-	-	-	2.1	251.5
Core Fixed Income	245.7	-	-	-	-	2.0	247.7
Long Credit Fixed Income	3.7	-	-	-	-	0.1	3.8
Cash	5.2	4.8	-11.4	10.7	-1.0	-	8.3

Investment Manager Research: Ratings Report Card

As of June 30, 2026

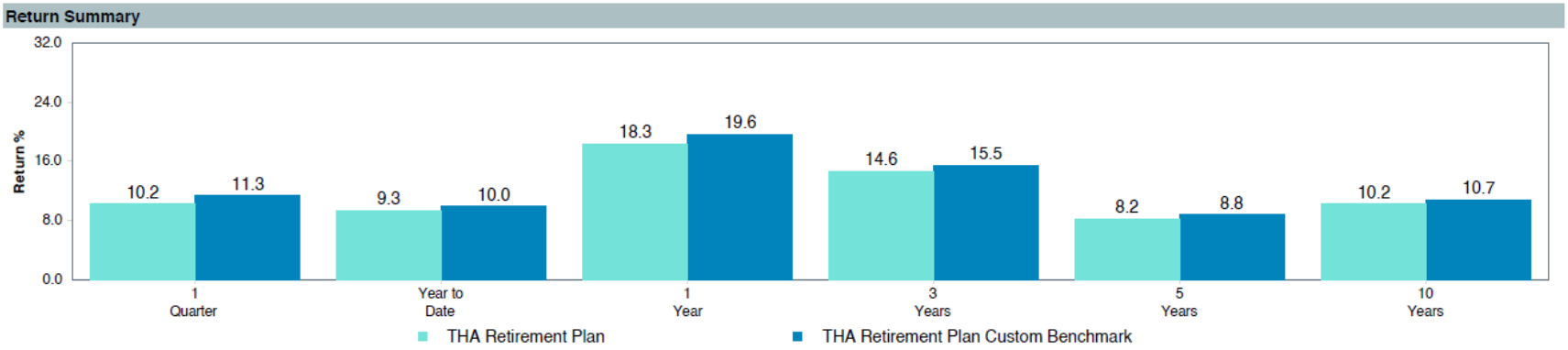
Fund	Aon Rating
THA Retirement Plan	
State Street S&P 500 Index	Buy
State Street Russell 1000 Value Index	Buy
Vanguard Small Cap Index	Buy
Dodge & Cox International	Buy
GQG International Equity	Buy
State Street Aggregate Bond Index	Buy
Loomis Sayles Core Plus Bond	Buy
PIMCO Long Credit	Buy

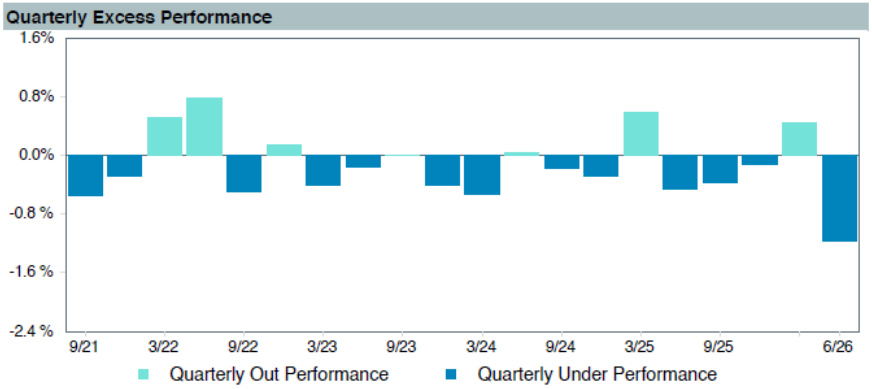
Many factors are considered when selecting and monitoring the investment options including, but not limited to:

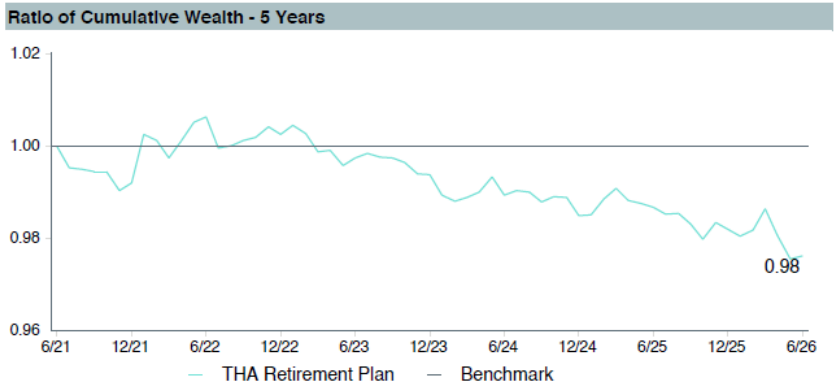
- Business – Ownership structure, profitability, stability of organization, client, asset base
- Investment Staff – Quality of personnel, depth of resources, turnover, succession planning
- Investment Process – Skilled investment decisions, clear and repeatable processes, understanding of competitive advantages
- Risk Management – Embedded in broader investment process, independently verified
- Performance – Risk-adjusted returns, compared to appropriate benchmarks and peer groups, measured over multiple periods
- Operational Due Diligence – Operational controls, valuation of assets, independent directors
- Terms & Conditions – Investment expenses should be reasonable for the value provided and benchmarked for reasonability based on the specific type of investment strategy being evaluated
- ESG – Degree to which the team is aware of potential ESG risks and has taken steps to identify, evaluate and mitigate these risks

Total Plan Performance Summary

As of June 30, 2026







Trailing Period Performance

As of June 30, 2026

	Allocation			Performance %					
	Market Value $	%	Target Mix %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
THA Retirement Plan	**1,095,366,836**	**100.0**	**100.0**	**10.2**	**9.3**	**18.3**	**14.6**	**8.2**	**10.2**
THA Retirement Plan Custom Benchmark				*11.3*	*10.0*	*19.6*	*15.5*	*8.8*	*10.7*
THA Mix 1 Custom Benchmark				*2.3*	*1.1*	*5.0*	*4.1*	*-2.1*	*2.1*
THA Mix 3 Custom Benchmark				*8.5*	*7.5*	*15.4*	*12.5*	*6.6*	*8.5*
THA Mix 4 Custom Benchmark				*11.4*	*10.0*	*19.8*	*15.6*	*8.9*	*11.0*
THA Staff Mix Custom Benchmark				*2.4*	*2.0*	*6.1*	*5.7*	-	-
U.S. Equity	**666,195,871**	**60.8**	**59.0**						
State Street S&P 500 Index NL Fund	**404,773,956**	**37.0**		**15.2 (40)**	**10.2 (42)**	**22.3 (34)**	**20.6 (34)**	**13.4 (24)**	**15.5 (31)**
S&P 500 Index				*15.2 (40)*	*10.2 (42)*	*22.3 (34)*	*20.6 (34)*	*13.4 (24)*	*15.5 (31)*
State Street Russell 1000 Value Index SL Fund	**83,360,954**	**7.6**		**13.8 (22)**	**16.2 (20)**	**27.1 (23)**	**17.8 (31)**	**11.2 (39)**	**-**
Russell 1000 Value Index				*13.8 (22)*	*16.2 (20)*	*27.1 (22)*	*17.8 (31)*	*11.2 (39)*	*11.5 (57)*
Vanguard Small Cap Index	**178,060,960**	**16.3**		**16.0 (71)**	**18.2 (71)**	**29.5 (69)**	**16.7 (43)**	**7.7 (50)**	**11.8 (38)**
Vanguard Spliced Small Cap Index				*16.0 (71)*	*18.2 (71)*	*29.5 (69)*	*16.7 (43)*	*7.7 (51)*	*11.7 (39)*
International Equity	**169,324,130**	**15.5**	**15.0**						
Dodge & Cox International Stock	**88,519,419**	**8.1**		**12.5 (29)**	**13.4 (29)**	**28.5 (17)**	**19.8 (23)**	**11.9 (16)**	**11.1 (16)**
MSCI AC World ex USA (Net)				*14.5 (18)*	*13.7 (26)*	*27.7 (22)*	*18.8 (34)*	*8.8 (49)*	*9.9 (41)*
GQG International Equity	**80,804,711**	**7.4**		**0.2 (98)**	**4.4 (80)**	**8.4 (83)**	**-**	**-**	**-**
GQG International Equity Strategy				*0.2 (98)*	*4.4 (80)*	*8.4 (83)*	*13.8 (68)*	*7.8 (53)*	-
MSCI AC World ex USA (Net)				*14.5 (25)*	*13.7 (23)*	*27.7 (20)*	*18.8 (36)*	*8.8 (44)*	*9.9 (47)*

Performance shown may reflect actual THA manager experience as well as supplemental historical performance of the manager.

Trailing Period Performance

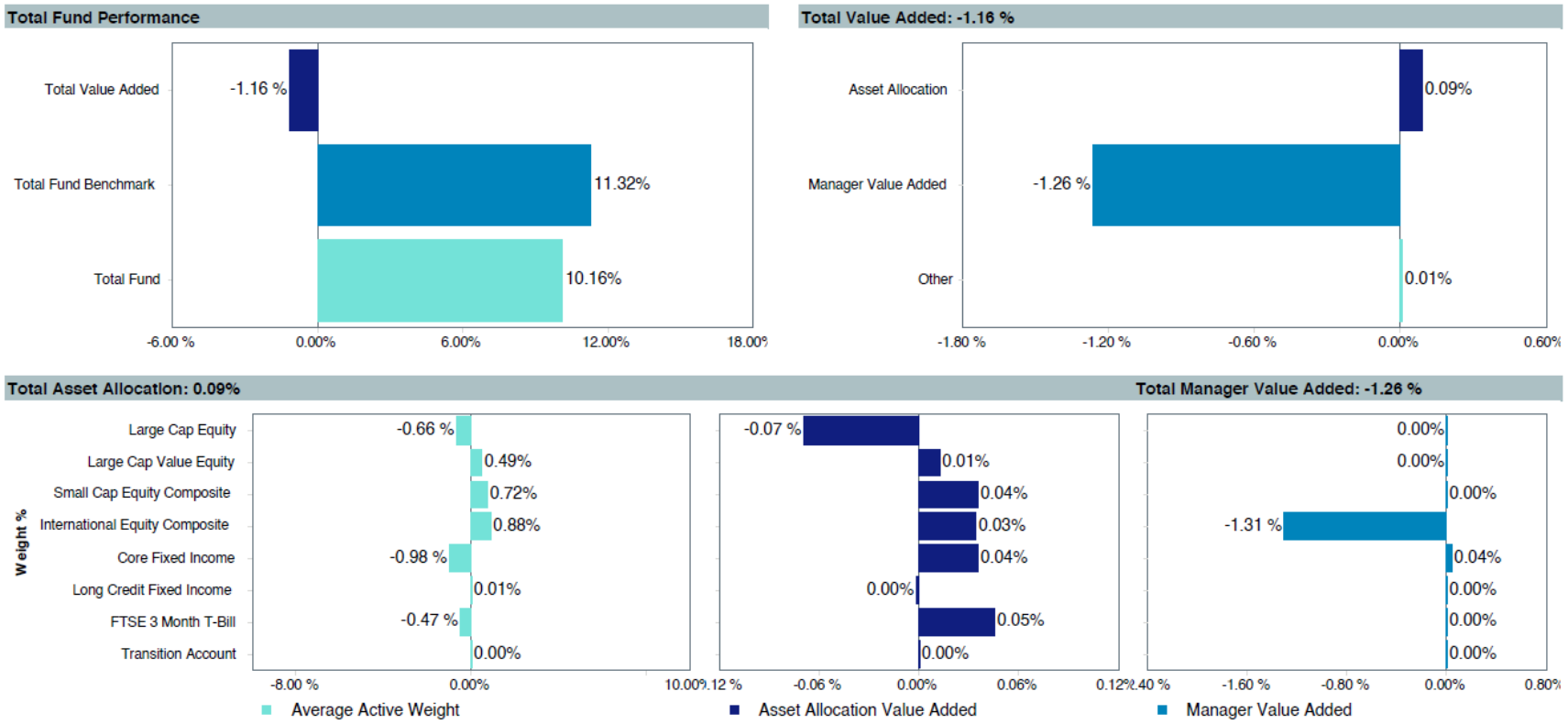
As of June 30, 2026

	Allocation			Performance %					
	Market Value $	%	Target Mix %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
U.S. Fixed Income	**251,543,275**	**23.0**	**25.0**						
State Street Aggregate Bond Index NL Fund	**123,719,830**	**11.3**		**0.7 (59)**	**0.7 (49)**	**3.8 (63)**	**4.2 (71)**	**0.1 (66)**	**1.6 (81)**
Blmbg. U.S. Aggregate Index				*0.7 (62)*	*0.6 (71)*	*3.8 (62)*	*4.2 (75)*	*0.1 (72)*	*1.5 (82)*
Loomis Sayles Core Plus Bond	**124,009,815**	**11.3**		**1.0 (52)**	**1.0 (32)**	**4.5 (32)**	**4.6 (68)**	**-**	**-**
Loomis Sayles Core Plus Bond Strategy				*1.0 (52)*	*1.0 (32)*	*4.5 (32)*	*4.6 (68)*	*0.5 (54)*	*2.5 (43)*
Blmbg. U.S. Aggregate Index				*0.7 (93)*	*0.6 (87)*	*3.8 (86)*	*4.2 (89)*	*0.1 (84)*	*1.5 (97)*
PIMCO U.S. Long Term Bond – Long Credit	**3,813,630**	**0.3**		**2.8 (6)**	**1.5 (10)**	**5.6 (12)**	**4.8 (12)**	**-2.0 (26)**	**-**
Blmbg. U.S. Long Credit Index				*2.3 (17)*	*1.1 (27)*	*5.0 (19)*	*4.1 (29)*	*-2.2 (35)*	*2.1 (19)*
Cash Account	**8,303,560**	**0.8**	**1.0**						
Transition Account	**-**	**0.0**	**0.0**						

Performance shown may reflect actual THA manager experience as well as supplemental historical performance of the manager.

Retirement Plan Total Fund Attribution

One Quarter As of June 30, 2026



Investment Fee Analysis

As of June 30, 2026

	Vehicle Type[1]	Market Value $	% of Portfolio	Net Expense Ratio (%)[2]	Universe Name[3]	Peer Group Fee Range (%)			
						25th	50th	75th	Population
THA Retirement Plan		**1,095,366,836**	**100.0**						
Large Cap Equity		**488,134,911**	**44.6**						
State Street S&P 500 Index NL Fund	CIT	404,773,956	37.0	0.012	eA US Passive S&P 500 Equity (CF 250m)	0.02	0.04	0.05	23
State Street Russell 1000 Value Index SL Fund	CIT	83,360,954	7.6	0.030	eA US Passive Large Cap Equity (CF 50m)	0.03	0.04	0.06	52
Small Cap Equity		**178,060,960**	**16.3**						
Vanguard Small Cap Index	MF	178,060,960	16.3	0.020	eA US Passive Small Cap Equity (MF)	0.05	0.15	0.25	32
International Equity		**169,324,130**	**15.5**						
Dodge & Cox International Stock	MF	88,519,419	8.1	0.610	eA ACWI ex-US All Cap Equity (MF)	0.65	0.85	0.95	47
GQG International Equity	CIT	80,804,711	7.4	0.617	eA ACWI ex-US All Cap Equity (CF)	0.65	0.70	0.80	40
Core Fixed Income		**247,729,645**	**22.6**						
State Street US Aggregate Bond Index NL Fund	CIT	123,719,830	11.3	0.028	eA US Passive Core Fixed Income (CF 50m)	0.04	0.05	0.06	10
Loomis Sayles Core Plus Bond	CIT	124,009,815	11.3	0.180	eA US Core Plus Fixed Income (CF)	0.29	0.32	0.35	49
Long Credit Fixed Income		**3,813,630**	**0.3**						
PIMCO U.S. Long Term Bond – Long Credit	MF	3,813,630	0.3	0.550	eA US Long Duration - Credit Fixed Income (MF)	0.45	0.55	0.57	6

- Aon Investments conducts periodic reviews (generally annually) of available share classes and vehicles, and as of the most recent review, the THA Retirement Plan utilizes the lowest cost share classes/vehicles available.

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Important Note: The investment fee analysis reported in the table above measures only the relative fee level of your current plan offerings as compared to fee medians from style, size, and vehicle-specific peer universes, which Aon Investments believes is an appropriate comparison. Determining whether an investment's expense is reasonable depends on a variety of factors including the level of returns achieved and the method with which administration and operational expenses are paid. Understanding and evaluating the total cost of plan operations, including both investment and administration fees is a critical analysis that should be completed periodically.[1]Vehicle Type Definitions: "MF" = Mutual Fund, "CF" = Collective Investment Trust, "SA" = Separate Account[2]Expense Ratio is intended to represent a fund's total expense ratio which may include investment management fees, 12b-1 fees, custodial fees, trustee fees, revenue sharing components and/or charges for fund or plan administration.[3]Fee universes are provided and calculated by eVestment Alliance, as of June 30, 2026. Fund expense information has been sourced from eVestment for all asset classes. The Stable Value Peer groups have been constructed using data sourced from eVestment for investment management fees and an average wrap fee of 14 bps has been added to reflect total expense including wrap fees. The target date peer groups have been constructed by Aon using manager fee data from eVestment. Since fund expense ratios do not change frequently, Aon Investments believes this study to be a relevant comparison for up to a year, at which time it will be updated. For complete information on methodologies, contact your Aon Investments consultant.