

February 17, 2022

TO: Legal Counsel

News Media
Salinas Californian
El Sol
Monterey County Herald
Monterey County Weekly
KION-TV
KSBW-TV/ABC Central Coast
KSMS/Entravision-TV

The next regular meeting of the **PERSONNEL, PENSION AND INVESTMENT COMMITTEE - COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **TUESDAY, FEBRUARY 22, 2022, AT 12:00 P.M., IN THE DOWNING RESOURCE CENTER, ROOMS A, B & C, AT SALINAS VALLEY MEMORIAL HOSPITAL, 450 E. ROMIE LANE, SALINAS, CALIFORNIA, OR BY PHONE OR VIDEO (Visit svmh.com/virtualboardmeeting for Access Information).**

Please note: Pursuant to SVMHS Board Resolution No. 2022-01, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.



Pete Delgado
President/Chief Executive Officer

Committee Members: Regina M. Gage, Chair; Richard Turner, Vice Chair; Pete Delgado, President/CEO; Augustine Lopez, CFO; Michelle Childs, Chief Human Resources Officer; Glenn Berry, MD, Medical Staff Member; Tony Redmond, Community Member

**PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING – FEBRUARY 2022
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, FEBRUARY 22, 2022
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO
(Visit svmh.com/virtualboardmeeting for Access Information)**

Please note: Pursuant to SVMHS Board Resolution No. 2022-01, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.

AGENDA

1. Approval of Minutes from the Personnel, Pension and Investment Committee Meeting of January 25, 2022 (DELGADO)
 - Motion/Second
 - Action by Committee/Roll Call Vote
2. Consider Recommendation for Board Approval of (i) the Contract Terms and Conditions for the Hospitalist Professional Services Agreement for Jose Ajoc, Jr., MD and (ii) the Contract Terms and Conditions for Dr. Ajoc’s COVID-19 Physician Loan Agreement (RADNER/CALLAHAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
3. Consider Recommendation for Board Approval of (i) the Findings Supporting Recruitment of Kelsey Capron, MD (ii) the Contract Terms for Dr. Capron’s Recruitment Agreement, and (iii) the Contract Terms for Dr. Capron’s Family Medicine Professional Services Agreement (RADNER/CALLAHAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
4. Consider Recommendation for Board Approval of (i) the Findings Supporting Recruitment of Guadalupe Arreola, MD (ii) the Contract Terms for Dr. Arreola’s Recruitment Agreement, and (iii) the Contract Terms for Dr. Arreola’s Family Medicine Professional Services Agreement (RADNER/CALLAHAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote

5. Human Resources Metrics (CHILDS)
6. Impact and Strategy in a Rising Interest Rate Environment for the SVMH Reserves (LOPEZ/TIM SKELLY OF GRAYSTONE CONSULTING)
7. Financial and Statistical Review (LOPEZ)

8. Public Input

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board which are not otherwise covered under an item on this agenda.

9. Closed Session

(See Attached Closed Session Sheet information)

10. Reconvene Open Session/Report on Closed Session

11. Adjournment - The March 2022 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, March 22, 2022 at 12:00 p.m.**

Notes: This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

The Committee packet is available at the Committee Meeting, at www.svmh.com, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Assistant during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING OF THE BOARD OF DIRECTORS – COMMITTEE OF THE WHOLE

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

[] **LICENSE/PERMIT DETERMINATION**

(Government Code §54956.7)

Applicant(s): (Specify number of applicants) _____

[] **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

(Government Code §54956.8)

Property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation): _____

Agency negotiator: (Specify names of negotiators attending the closed session): _____

Negotiating parties: (Specify name of party (not agent): _____

Under negotiation: (Specify whether instruction to negotiator will concern price, terms of payment, or both): _____

[] **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**

(Government Code §54956.9(d)(1))

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers): _____, or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations): _____

[] **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**

(Government Code §54956.9)

Significant exposure to litigation pursuant to Section 54956.9(d)(2) or (3) (Number of potential cases): _____

Additional information required pursuant to Section 54956.9(e): _____

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases): _____

[] **LIABILITY CLAIMS**

(Government Code §54956.95)

Claimant: (Specify name unless unspecified pursuant to Section 54961): _____

Agency claimed against: (Specify name): _____

THREAT TO PUBLIC SERVICES OR FACILITIES
(Government Code §54957)

Consultation with: (Specify name of law enforcement agency and title of officer): _____

PUBLIC EMPLOYEE APPOINTMENT
(Government Code §54957)

Title: (Specify description of position to be filled): _____

PUBLIC EMPLOYMENT
(Government Code §54957)

Title: (Specify description of position to be filled): _____

PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Government Code §54957)

Title: (Specify position title of employee being reviewed): _____

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
(Government Code §54957)

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

CONFERENCE WITH LABOR NEGOTIATOR
(Government Code §54957.6)

Agency designated representative: (Specify name of designated representatives attending the closed session):
Pete Delgado

Employee organization: (Specify name of organization representing employee or employees in question):
National Union of Healthcare Workers, California Nurses Association, Local 39, ESC Local 20, or

Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations): _____

CASE REVIEW/PLANNING
(Government Code §54957.8)

(No additional information is required to consider case review or planning.)

REPORT INVOLVING TRADE SECRET
(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility):

Estimated date of public disclosure: (Specify month and year): _____

[] **HEARINGS/REPORTS**

(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee): _____

[] **CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW** (Government Code §54956.86)

(No additional information is required to discuss a charge or complaint pursuant to Section 54956.86.)

ADJOURN TO OPEN SESSION

**MINUTES OF THE JANUARY 2022
PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, JANUARY 25, 2022
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO**

(Visit svmh.com/virtualboardmeeting for Access Information)

Please note: Pursuant to SVMHS Board Resolution No. 2021-08, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.

Committee Members Present: In person: Regina Gage, Chair, Glenn Berry, MD, Michelle Childs, and Pete Delgado. Via teleconference: Tony Redmond

Committee Members Absent: Richard Turner, Vice Chair, Augustine Lopez

Other Board Members Present, Constituting Committee of the Whole: Via teleconference: Victor Rey, and Juan Cabrera.

A quorum was present and the meeting was called to order at 12:05 p.m. by Regina Gage.

APPROVAL OF MINUTES FROM THE PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING OF DECEMBER 14, 2021

Pete Delgado, President/Chief Executive Officer, recommended the Personnel, Pension and Investment Committee approve the minutes of the Personnel, Pension and Investment Committee Meeting of December 14, 2021. This information was included in the Committee packet.

No Public Comment.

MOTION: The Personnel, Pension and Investment Committee approves the minutes of the Personnel, Pension and Investment Committee Meeting of December 14, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Gage, Delgado, Childs, Berry, Redmond; Noes: None; Abstentions: None; Absent: Turner, Lopez; Motion Carried.

Victor Rey, Jr., joined the meeting by teleconference at 12:15 p.m.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF (i) THE FINDINGS SUPPORTING RECRUITMENT OF RYAN GRIGGS, DO (ii) THE CONTRACT TERMS FOR DR. GRIGGS' RECRUITMENT AGREEMENT AND (iii) THE CONTRACT TERMS FOR DR. GRIGGS' UROLOGY PROFESSIONAL SERVICES AGREEMENT

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a physician specializing in urology as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of urology is recommended as a priority for recruitment. In 2021, two of the four urologists who covered urology services at SVMH departed leaving a need for additional urologists in the SVMHS

service area. Furthermore, Salinas Valley Medical Clinic (SVMC) will be expanding to add urology as a new service line on February 1, 2022.

The recommended physician, Ryan Griggs, DO, received his medical degree at Lincoln Memorial University-DeBusk College of Osteopathic Medicine in 2016. He completed his urology residency at Einstein Healthcare Network in Philadelphia, PA, and will be completing his Men's Health Fellowship at Willis Knighton Health System in Shreveport, LA. A native of the Sacramento area, Dr. Griggs is excited to return to California with his young family and establish roots in our community. Dr. Griggs plans to join SVMC in August.

The proposed professional services agreement and recruitment agreement terms were included in the Committee packet. Both are within fair market value standards.

No Public Comment

MOTION: The Personnel, Pension and Investment Committee recommends to the SVMHS Board of Director approval of the following actions:

- (i) The Findings Supporting Recruitment of Ryan Griggs, DO,
 - That the recruitment of a urologist to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
- (ii) The Contract Terms of the Recruitment Agreement for Dr. Griggs; and
- (iii) The Contract Terms of the Urology Professional Services Agreement for Dr. Griggs.

Moved/Seconded/Roll Call Vote: Ayes: Gage, Delgado, Childs, Berry, Redmond; Noes: None; Abstentions: None; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF (i) THE FINDINGS SUPPORTING RECRUITMENT OF ALISON TAMMANY, MD, (ii) THE CONTRACT TERMS FOR DR. TAMMANY'S RECRUITMENT AGREEMENT AND (iii) THE CONTRACT TERMS FOR DR. TAMMANY'S GENERAL SURGERY & COLORECTAL SURGERY PROFESSIONAL SERVICES AGREEMENT

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a general surgeon with a subspecialty in colorectal surgery as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of general surgery is recommended as a priority for recruitment. In 2020, the retirement of a long-tenured general surgeon emphasized the need to recruit in order to increase overall patient access and provide coverage for general surgery emergency call at SVMH. Furthermore, there are a lack of surgeons in our district who subspecialize in colorectal surgery.

The recommended physician, Alison Tammany, MD, received her Doctor of Medicine degree at the Medical College of Georgia in 2015. She then completed her internal medicine residency at the University of Alabama at Birmingham and her general surgery residency at Orlando Health. She will be graduating from her Colorectal Fellowship at Ohio Health-Grant Medical Center in August and plans to join Salinas Valley Medical Clinic (SVMC) in September. Dr. Tammany is a native of Northern California and speaks Spanish.

The proposed professional services agreement and recruitment agreement terms were included in the Committee packet. Both are within fair market value standards.

No Public Comment

MOTION: The Personnel, Pension and Investment Committee recommends to the SVMHS Board of Directors approval of the following actions:

- (i) The Findings Supporting Recruitment of Alison Tammany, MD,
 - That the recruitment of a general and colorectal surgeon to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
- (ii) The Contract Terms of the Recruitment Agreement for Dr. Tammany; and
- (iii) The Contract Terms of the Surgery and Colorectal Surgery Professional Services Agreement for Dr. Tammany.

Moved/Seconded/Roll Call Vote: Ayes: Gage, Delgado, Childs, Berry, Redmond; Noes: None; Abstentions: None; Absent: Turner, Lopez; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF FINDINGS SUPPORTING RECRUITMENT OF PHYSICIANS TO COMMUNITY MEDICAL GROUPS AND PRACTICES AND APPROVAL OF RECRUITMENT INCENTIVES

In consultation with members of the SVMH medical staff, and in compliance with requirements of Stark Law, SVMHS executive management has identified the recruitment of physicians in certain medical specialties as a recruiting priority for the hospital's service area.

The Medical Staff Development Plan, completed by ECG Management Consultants in October 2019, identified the specialties of Family Medicine, Gastroenterology, and Plastic Surgery as recommended priorities for recruitment. Recruitment for hospital-based specialties of Anesthesia and Emergency Medicine are evaluated based on the needs of the hospital to ensure appropriate levels of coverage to meet patient care needs. Service line volumes and program coverage needs are the primary drivers of recruitment to these specialties.

To support physician recruitment to the District's service area, SVMHS collaborates with local medical groups and practices in the recruiting process through contributions to the costs of recruiting firms and associated recruitment expenses, and contributions to incentives paid to physicians that relocate to our community.

Financial, quality, safety, regulatory and financial implications were included in the packet.

There was discussion of what other hospitals are offering for recruitment and if what we are offering is competitive. Mr. Hoffman stated recruitment is very competitive and the SVMHS recruitment strategy has been successful in recruiting and retaining physicians. Recruitment packages vary according to the specialty and are within fair market value.

No Public Comment

MOTION: The Personnel, Pension and Investment Committee recommend to the SVMHS Board of Directors approval of the following actions:

- (i) The Board makes the following findings supporting the recruitment of the physicians in the specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery:
 - The assistance by SVMHS in the recruitment of physicians in the specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery by community medical groups and practices is in the best interest of the public health of the communities served by the District; and
 - The recruitment incentives requested by the community medical groups and practices and supported by SVMHS for these recruitments are necessary in order to attract and relocate appropriately qualified physicians to practice in the communities served by the District.
- (ii) Approve the recruitment support to community medical groups and practices and the recruitment incentives for the medical specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery to be set forth in Recruitment Agreements among SVMHS, the community medical groups and practices, and the physicians.

Moved/Seconded/Roll Call Vote: Ayes: Gage, Delgado, Childs, Berry, Redmond; Noes: None; Abstentions: None; Absent: Turner, Lopez; Motion Carried.

HUMAN RESOURCES METRICS

Michelle Childs, Chief Human Resources Officer, stated HR Metrics will be presented to this Committee. The plan is to present quarterly. More information will follow.

FINANCIAL AND STATISTICAL REVIEW

Augustine Lopez, Chief Financial Officer, provided a financial and statistical performance review for the month ending December, 2021. This information was included in the Committee packet

Key highlights of the financial summary for December 2021 were: (1) Income from operations was \$9.1M with an operating margin of 14.9%, with a net income of \$9.1M with a net operating margin of 15%; (2) Income from operations includes \$6.1 million Provider Relief Fund-Phase 4 funds recorded as deferred revenue; to date \$8.5 million has been received in FY22; (3) inpatient gross revenues were favorable to the budget; (4) Emergency Department gross revenues were favorable to the budget; outpatient gross revenues were favorable to the budget; (5) the payor mix was favorable to the budget; (6) total net patient revenues were favorable to the budget; outpatient and inpatient surgeries were below budget; (7) average daily census and total admissions were above budget; (8) total acute average length of stay (ALOS) was favorable to the budget while Medicare traditional ALOS CMI adjusted was unfavorable; (9) labor productivity was favorable to the budget; (10) operating revenues were above expenses; (11) days cash on hand 2as 378; total capital expenditures were \$1,351,043. The case mix index for all discharges with and without COVID-19 cases for January 2021 through December 2021 was reviewed.

NO PUBLIC INPUT

CLOSED SESSION

Regina Gage, Chair, announced that the item to be discussed in Closed Session is *Conference with Labor Negotiator – Concerning National Union of Healthcare Workers, California Nurses Association, Local 39 and ESC Local 20*. The meeting was recessed into Closed Session under the Closed Session protocol at 12:35 p.m.

RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 12:59 p.m. Regina Gage reported that in Closed Session, the Committee discussed: *Conference with Labor Negotiator – Concerning National Union of Healthcare Workers, California Nurses Association, Local 39 and ESC Local 20*. No action was taken in the Closed Session.

ADJOURNMENT

There being no other business, the meeting was adjourned at 1:00 p.m. The February 2022 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, February 22, 2022, at 12:00 p.m.**

Regina M. Gage, Chair
Personnel, Pension and Investment Committee

**RECOMMENDATIONS OF THE JANUARY 2022
PERSONNEL, PENSION & INVESTMENT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**January Committee Meeting
of January 25, 2022
to the Board of Directors**

1. CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS TO APPROVE (i) THE FINDINGS SUPPORTING RECRUITMENT OF RYAN GRIGGS, DO (ii) THE CONTRACT TERMS FOR DR. GRIGGS' RECRUITMENT AGREEMENT, AND (iii) THE CONTRACT TERMS FOR DR. GRIGGS' UROLOGY PROFESSIONAL SERVICES AGREEMENT

RECOMMENDATION: Recommends the SVMHS Board of Directors approve

- (i) The Findings Supporting Recruitment of Ryan Griggs, DO
 - That the recruitment of a urologist to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
- (ii) The Contract Terms for Dr. Griggs' Recruitment Agreement, and
- (iii) The Contract Terms for Dr. Griggs' Urology Professional Services Agreement, as presented.

2. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF (i) THE FINDINGS SUPPORTING RECRUITMENT OF ALISON TAMMANY, MD (II) THE CONTRACT TERMS FOR DR. TAMMANY'S RECRUITMENT AGREEMENT, AND (III) THE CONTRACT TERMS FOR DR. TAMMANY'S GENERAL SURGERY & COLORECTAL SURGERY PROFESSIONAL SERVICES AGREEMENT

RECOMMENDATION: Recommends the SVMHS Board of Directors approve

- (i) The Findings Supporting Recruitment of Alison Tammany, MD,
 - That the recruitment of a general and colorectal surgeon to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
- (ii) The Contract Terms of the Recruitment Agreement for Dr. Tammany; and
- (iii) The Contract Terms of the Surgery and Colorectal Surgery Professional Services Agreement for Dr. Tammany.

3. **CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF FINDINGS SUPPORTING RECRUITMENT OF PHYSICIANS TO COMMUNITY MEDICAL GROUPS AND PRACTICES AND APPROVAL OF RECRUITMENT INCENTIVES**

RECOMMENDATION: Recommends the SVMHS Board of Directors approve the Findings Supporting Recruitment of Physicians to Community Medical Groups and Practices and Approval of Recruitment Incentives.

- (i) The following findings support the recruitment of the physicians in the specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery:
 - The assistance by SVMHS in the recruitment of physicians in the specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery by community medical groups and practices is in the best interest of the public health of the communities served by the District; and
 - The recruitment incentives requested by the community medical groups and practices and supported by SVMHS for these recruitments are necessary in order to attract and relocate appropriately qualified physicians to practice in the communities served by the District.
- (ii) Approve the recruitment support to community medical groups and practices and the recruitment incentives for the medical specialties of anesthesia, emergency medicine, family medicine, gastroenterology, and plastic surgery to be set forth in Recruitment Agreements among SVMHS, the community medical groups and practices, and the physicians.

Board Paper: Personnel, Pension and Investment Committee

Consider Recommendation for Board Approval of (i) the Contract Terms and Conditions for the Hospitalist Professional Services Agreement for Jose Ajoc, Jr., MD and (ii) the Contract Terms and Conditions for Dr. Ajoc's COVID-19 Physician Loan Agreement

Executive Sponsor: Allen Radner, MD, Chief Medical Officer
Stacey Callahan, Physician Services Coordinator

Date: February 9, 2022

Executive Summary

The hospitalist program for Salinas Valley Memorial Healthcare System (SVMHS) operates under Salinas Valley Medical Clinic (SVMC). The SVMC Hospitalist Program focuses on increasing patient satisfaction and referring-provider satisfaction, and improved retention of hospitalist physician staff. Due to the growth SVMHS has experienced in the adult daily census at the hospital, the need to recruit and retain hospitalists to the program remains a priority. In addition, due to the COVID-19 pandemic there is a shortage of and need for hospitalist physicians to cover the SVMHS service area. This shortage jeopardizes SVMHS' ability to provide necessary healthcare services to the inpatients at Salinas Valley Memorial Hospital. With one of the current full-time hospitalists reducing coverage to a per-diem schedule in March, there is an urgent need for another hospitalist to provide care to the inpatient population.

The recommended physician, Dr. Jose Ajoc, Jr., MD, received his Doctor of Medicine Degree at Mindanao State University in the Philippines. After completing an Internal Medicine Residency in the Philippines, Dr. Ajoc also completed his Family Medicine Residency with the University of San Francisco at Natividad Medical Center. Since graduating from his Family Medicine Residency in 2020, Dr. Ajoc has been providing hospitalist services at Natividad Medical Center. Dr. Ajoc will be joining SVMC in June.

Terms and Conditions of Agreements

1. **Hospitalist Professional Services Agreement** Essential Terms and Conditions:

- Professional Services Agreement (PSA) with Standard Terms and Conditions that provides W-2 reporting of physician compensation as an independent contractor
- Two (2) year term for the PSA
- Physician compensation for services under the PSA in the amount of \$149.96 per hour for the hours of 7am-7pm, and \$159.96 per hour for the hours of 7pm-7am
- Expectation of the fifteen (15) twelve (12) hour shifts per month and no less than one hundred eighty (180) twelve (12) hour shift per year
- Physicians that work Hospitalist shifts in excess of one hundred eighty (180) twelve (12) hour shifts per year, will be paid an additional \$70.00 per hour credited during each excess shift
- 1.0 Full-Time Equivalent (FTE)
- Eligible to participate in the Performance Incentive Program. Incentive payments are made at an interval aligned with the SVMHS fiscal year and carry eligibility requirement of at least one thousand (1,000) hours worked during the measurement period and a current PSA at time of payment in order to qualify
- Access to SVMHS Health Plan. Physician premium is projected based on 15% of SVMHS cost
- Access to SVMHS 403(b) and 457 retirement plans. Five percent (5%) base contribution to 403b plan that vests after three (3) years. Based on federal contribution limits this contribution is capped at fifteen thousand two hundred fifty dollars (\$15,250.00) annually

- CME Stipend. Two thousand dollars (\$2,000) annual stipend for Continuing Medical Education (CME).
- Professional Liability Coverage. Occurrence-based professional liability policy through BETA Healthcare Group.

2. **COVID-19 Physician Loan Agreement** Essential Terms and Conditions:

- CMS has issued blanket waivers of sanctions under the physician self-referral law for COVID-19 Purposes. These blanket waivers provide vital flexibility for physicians and providers in the fight against COVID-19. Pursuant to these COVID-19 Blanket Waivers, SVMHS is permitted to extend a loan in the amount of twenty thousand dollars (\$20,000.00) to Dr. Ajoc to secure his services as a Hospitalist with SVMC.
- The COVID-19 Physician Loan is secured by a personal promissory note for the full amount of the loan. The loan is forgiven over the period of two (2) years of service provided by Dr. Ajoc to SVMHS as permitted under the CMS COVID-19 Blanket Waivers.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The addition of Dr. Ajoc to the SVMC Hospitalist program is aligned with SVMHS' strategic priorities for service, quality, finance and growth pillars. We continue to develop SVMC infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

The compensation proposed in the PSA has been reviewed by HealthWorks, an independent valuation and compensation consulting firm, to confirm that the terms contemplated are both commercially reasonable and fair market value.

Recommendation

SVMHS Administration requests that the Personnel, Pension and Investment Committee recommend to the SVMHS Board of Directors approval of the following:

1. **The Contract Terms and Conditions of the Hospitalist Professional Services Agreement for Dr. Ajoc as presented in this Board Paper.**
2. **The Contract Terms and Conditions of the COVID-19 Physician Loan Agreement for Dr. Ajoc as presented in this Board Paper.**

Attachments

- Curriculum Vitae for Jose Ajoc, Jr., MD

JOSE G. AJOC, JR., MD

Curriculum Vitae



PERSONAL INFORMATION

Languages Spoken: English, Filipino (Tagalog,
Visayan) Date resume updated: January 17, 2022

EDUCATION

Doctor of Medicine, MD Degree

Mindanao State University – College of Medicine, Iligan City, Philippines
June 1999 – April 2003

Awards

- Class Valedictorian; Consistent Dean’s Honors List

College Degree - Bachelor of Science in Biology, Bachelor’s Degree

Mindanao State University, Philippines
June 1995 – March 1999

Awards: Cum Laude; Consistent Dean’s Honors List

High School Education

Sta. Cruz National High School, Surigao del Norte, Philippines
1991 – 1995

Awards: Class Valedictorian

Elementary Education

Sta. Cruz Elementary School, Surigao del Norte, Philippines
1985 – 1991

Awards: Class Valedictorian

CERTIFICATIONS/ LICENSURE EXAMINATIONS

- Medical Board of California Licensed Physician – since April 25, 2019 to present
- Certified by American Board of Family Medicine – since 07/21/2020 to present
- Certified Advanced Cardiac Life Support (ACLS) Provider valid until 07/2022
- Certified Basic Life Support Provider (BLS) valid until 07/2022
- DEA license until 06/2022
- USMLE Step 1 1/20/2015
- USMLE Step 2CK 8/17/2015
- USMLE Step 2CS 4/29/2016
- USMLE Step 3 12/27/2017
- Certified by Educational Commission for Foreign Medical Graduates (ECFMG) - April 2016
- Philippines Physicians Licensure Examination - August 2004

PROFESSIONAL AFFILIATIONS

- Society of Hospital Medicine
- American Academy of Family Physicians
- Philippine College of Physicians – Internal Medicine
- Philippine Medical Society

PROFESSIONAL EXPERIENCES

Hospitalist

Sound Physicians at Natividad Medical Center, Salinas, California
March 2020 to present

Urgent Care Physician

Doctors on Duty
Salinas, California
January 2020 – March 2020

Internal Medicine Specialist

- Zamboanga Doctors Hospital, Philippines
- Zamboanga City Medical Center Hospital, Philippines
- Brent Hospital, Philippines

January 2014 – June 2014

Assistant Professor - Faculty of Medicine

Ateneo de Zamboanga University School of Medicine, Philippines
January 2011 - June 2014

Emergency Room Physician

- Zamboanga Doctors Hospital, Philippines
- Zamboanga Community Hospital, Philippines
- Brent Hospital and Colleges, Zamboanga, Philippines

March 2007 – December 2010

General Practice Physician

Department of Internal Medicine and Surgery
Department of Health, Tandag City, Philippines
January 2005 - February 2008

TRAININGS

1. Family Medicine Residency Training

UCSF - Natividad Medical Center Family Medicine Residency Program

January 25, 2017 to January 24, 2020

Awards:

- Hannon, Lauderdale award for Excellence in Patient Care, Leadership, Scholarship, and Teaching

2. Internal Medicine Residency Training

Zamboanga City Medical Center, Philippines

April 2010 to December 2013

- Chief Resident

3. Exchange Internal Medicine Resident

University of Calgary –Foothills Medical Center, Calgary, Alberta, Canada

- Internal Medicine, Neurology, Cardiology, Palliative Care

April 2013 to June 2013

4. Post-Graduate Internship Program in Medicine - All Medical Specialties Rotation

Southern Philippines Medical Center, Davao City, Philippines

May 2003 – June 2004

SKILLS and Current Privileges at Natividad Medical Center

Arthrocentesis

Assisting in Surgery

Biopsy of cervix, endometrium

Biopsy of superficial lymph nodes

Breast cyst aspiration

Burns, superficial and partial thickness

Colposcopy

Cryosurgery/cautery for benign disease

Excision/biopsy of vulvar lesions

Excision of skin and subcutaneous lesions

I&D abscess

I&D hemorrhoids

Incision and drainage of Bartholin duct cyst or marsupialization

Initial interpretation of electrocardiograms

Insertion of intrauterine devices

Local anesthetic techniques

Lumbar puncture

Management of ICU patients with consultation

Management of routine post-partum care

Manage uncomplicated minor closed fractures and uncomplicated dislocations

Paracentesis

Peripheral nerve blocks

Placement of anterior and posterior nasal hemostatic packing

Removal of foreign body from vagina

Remove non-penetrating corneal/nasal foreign body

Suturing of uncomplicated lacerations, including those requiring more than one layer closure

Thoracentesis

Uterine curettage following incomplete abortion

Other Skills:

Basic Point of Care Ultrasound

Endotracheal Intubation - Still needs to be proctored

Central Line placement – Still needs to be proctored

Arterial Line placement - Still needs to be proctored

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of (i) the Findings Supporting Recruitment of Kelsey Capron, MD (ii) the Contract Terms for Dr. Capron's Recruitment Agreement, and (iii) the Contract Terms for Dr. Capron's Family Medicine Professional Services Agreement**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer
Stacey Callahan, Physician Services Coordinator

Date: February 9, 2022

Executive Summary

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a physician specializing in family practice as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of Family Medicine is recommended as a top priority for recruitment. Furthermore, the current average wait time for a new patient appointment at Salinas Valley Medical Clinic (SVMC) PrimeCare is over 70 days.

The recommended physician, Kelsey Capron, MD, received her Doctor of Medicine degree in 2018 from Sidney Kimmel Medical College at Thomas Jefferson University in Philadelphia. In 2021 Dr. Capron completed her Family Medicine Residency with the University of San Francisco at Natividad Medical Center. Dr. Capron will be graduating in August from her Perinatal and Child Health Fellowship at PCC Community Wellness Center & West Suburban medical Center in Oak Park, Illinois. Dr. Capron speaks advanced medical Spanish and is excited to return to the Salinas community to provide family medicine services, including obstetrics, when she joins SVMC PrimeCare in October.

Terms and Conditions of Agreements

The proposed physician recruitment requires the execution of two types of agreements:

1. **Professional Services Agreement** Essential Terms and Conditions:

The proposed professional services agreement includes the following terms:

- Professional Services Agreement that provides W-2 relationship for IRS reporting
- Two (2) year term for the PSA
- 0.8 Full-Time Equivalent (FTE)
- Base guarantee salary of two hundred twelve thousand dollars (\$212,000) per year, and to the extent it exceeds the base salary, productivity compensation of fifty seven dollars and sixty five cents (\$57.65) work Relative Value Unit (wRVU)
- Access to SVMHS Health Plan. Physician premium is projected based on 15% of SVMHS cost
- Access to SVMHS 403(b) and 457 retirement plans. 5% base contribution to 403b plan that vests after three years. Based on federal contribution limits this contribution is capped at fifteen thousand two hundred fifty dollars (\$15,250) annually
- Four (4) weeks off for vacation
- One thousand two hundred dollars (\$1,200) annual stipend for Continuing Medical Education (CME)
- The physician will receive an occurrence based professional liability policy through BETA Healthcare Group

2. **Recruitment Agreement** that provides a sign-on bonus of thirty thousand dollars (\$30,000) and is structured as forgivable loan over 2 years of service to SVMHS.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Capron is aligned with our strategic priorities for the growth and finance pillars. We continue to develop Salinas Valley Medical Clinic infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

The addition of Dr. Capron to SVMC has been identified as a need for recruitment while also providing additional resources and coverage for the SVMC PrimeCare Salinas practice.

The compensation proposed in these agreements have been reviewed against published industry benchmarks to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

SVMHS Administration requests that the Personnel, Pension and Investment Committee recommend to the SVMHS Board of Directors approval of the following:

1. **The Findings Supporting Recruitment of Kelsey Capron, MD,**
 - **That the recruitment of a family medicine physician to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District; and**
 - **That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;**
2. **The Contract Terms of the Recruitment Agreement for Dr. Capron; and**
3. **The Contract Terms of the Family Medicine Professional Services Agreement for Dr. Capron.**

Attachments

- (1) Curriculum Vitae – Kelsey Capron, MD

Kelsey Lianna Capron, MD

EDUCATION and TRAINING

Perinatal and Child Health Fellowship , Oak Park, Illinois Fellow in Family Medicine with High Risk & Surgical Obstetrics; Graduation expected August 2022 PCC Community Wellness Center & West Suburban Medical Center	2021 – present
Natividad Family Medicine Residency , Salinas, California Chief Resident	2018 – 2021
Sidney Kimmel Medical College at Thomas Jefferson University , Philadelphia, Pennsylvania College Within the College: Population Health Track Doctorate of Medicine	2014 – 2018
Harvard University Extension , Cambridge, Massachusetts Non-degree post-baccalaureate coursework	2013 – 2014
Haverford College , Haverford, Pennsylvania Bachelor of Science in Biology, Minor in French ▪ Study abroad at Université Paris Diderot (Paris VII) , Paris, France	2008 – 2012 2010

LICENSURE and CERTIFICATION

ABFM (American Board of Family Medicine) Board Certified	2021 – present
Illinois State Medical License	3/2021 – 7/2023
California State Medical License (<i>Renewing in 2022</i>)	8/2019 – 8/2021
Certified in ALSO, NRP, BLS, ACLS, PALS (<i>Renewal needed in most; certification courses unavailable in pandemic.</i>)	

HONORS and AWARDS

Chief Resident Recognition Award , Natividad Family Medicine Residency	2021
Community Medicine Award , Natividad Family Medicine Residency	2021
Abortion Training Project , Clinical Abortion Training Centers / EMW Women's Surgical Center	2021
Dr. James D. and Jennie M. Beach Memorial Scholarship for community service, Thomas Jefferson University	2018
Gold Humanism Honor Society Induction , Sidney Kimmel Medical College	2017
Abortion Training Institute , Medical Students for Choice (MSFC), Philadelphia	2016
College Within the College: Population Health Track , Sidney Kimmel Medical College	2014 – present
Center for Peace and Global Citizenship Senior Bridge Grant , Haverford College	2012
NIH Integrative Cancer Biology Program Fellowship , Massachusetts Institute of Technology	2010

LEADERSHIP, PROJECTS, VOLUNTEER EXPERIENCE

Perinatal Substance Use: High Quality Maternal & Neonatal Care – FMOB Fellowship	2021 – present
Postpartum Prophylactic Anticoagulation: Best Practice Guideline – FMOB Fellowship	2021 – present
Chief Resident – Natividad Family Medicine Residency Program (FMRP), Salinas, California	2020 – 2021
Abortion Training Project , EMW Women's Surgical Center, Louisville, Kentucky	2021
TEACH (Training in Early Abortion for Comprehensive Healthcare)	2019 – 2021
<i>CREATE Fellow (Continuing Reproductive Education for Advanced Training Efficacy)</i>	2020 – 2021

Kelsey Lianna Capron, MD

Medication Assisted Treatment for Opiate Use Disorder: Consult Service – Natividad Medical Center	2019 – 2020
Hepatitis C Treatment in Laurel Family Practice: QI Project Co-Lead – Natividad FMRP, Salinas, CA	2019 – 2020
Wellness Resident – Natividad FMRP, Salinas, California	2018 – 2020
Recruiting Chief – Natividad FMRP, Salinas, California	2018 – 2019
CareLink Homeless Health Clinic: Project Co-Founder – Christiana Care Hospital, Newark, Delaware	2017
Achieving Competency Today: Quality Improvement Course – Christiana Care Hospital, Newark, DE	2017
Reflection Rounds Co-Organizer – Christiana Care Hospital, Newark, Delaware	2016 – 2018
Community Building Team Co-Lead at Partners in Health Engage – Philadelphia, Pennsylvania	2015 – 2018
JeffHOPE Student Clinics – Sidney Kimmel Medical College (SKMC), Philadelphia, Pennsylvania	2014 – 2018
<i>Board of Directors / Research Director</i>	<i>2016 – 2017</i>
<i>Procedures and Pharmacy Steering Committee Member at Prevention Point Philadelphia</i>	<i>2015 – 2016</i>
<i>HIV & Hepatitis C Tester and Counselor</i>	<i>2014 – 2016</i>
International Medicine Society Co-President – Thomas Jefferson University, Philadelphia, Pennsylvania	2015 – 2016
Advocate and Family Partner, Refugee Health Partners – SKMC, Philadelphia, Pennsylvania	2014 – 2015
Arrhythmias a cappella choir – Thomas Jefferson University, Philadelphia, Pennsylvania	2014 – 2018
<i>Vice President</i>	<i>2015 – 2016</i>
Maternity Center Volunteer in Haiti – Olive Tree Projects, Jacmel, Haiti	2012
Haverford College Customs Program, Upper Class Advisor – Haverford, Pennsylvania	2011 – 2012
Oxford Blues a cappella choir – Haverford College, Haverford, Pennsylvania	2008 – 2012
<i>Co-President</i>	<i>2011</i>

RESEARCH EXPERIENCE

Natividad Family Medicine Residency Program – Salinas, California	2018 – 2021
1. <i>Drug abuse & addiction during pregnancy, in Monterey County</i>	
2. <i>MAT: A life-saving bridge to a better curriculum</i>	
3. <i>Increasing access to medication assisted treatment for opioid use disorder at a community hospital through a family medicine-based consult service</i>	
Pathways to Housing – Philadelphia, Pennsylvania	2015 – 2018
<i>Researcher</i>	<i>Advisor: Lara Weinstein, MD</i>
Beth Israel Deaconess Medical Center – Boston, Massachusetts	2013 – 2014
<i>Research Technician</i>	<i>Advisors: Praveen Akuthota, MD, and Peter Weller, MD</i>
Centre de Neurosciences, Université Paris-Sud – Bures-sur-Yvette, France	2012
<i>Research Assistant</i>	<i>Advisor: Leonard Rabinow, PhD</i>
Haverford College – Haverford, Pennsylvania	2011 – 2012
<i>Senior Research Thesis in Biology</i>	<i>Advisor: Jonathan Wilson, PhD</i>
Massachusetts Institute of Technology – Cambridge, Massachusetts	Summers 2010 & 2011
Koch Institute for Integrative Cancer Research	
<i>Research Fellow</i>	<i>Advisor: Michael Hemann, PhD, and Doug Lauffenburger, PhD</i>
Haverford College – Haverford, Pennsylvania	2009 – 2011
<i>Lab Assistant in the Department of Biology</i>	<i>Advisor: Robert Fairman, PhD</i>

RESEARCH PUBLICATIONS

Akuthota, P., Carmo, L.A.S., Bonjour, K., Murphy, R.O., Silva, T.P., Gamalier, J.P., **Kelsey Capron**, Tigges, J., Toxavidis, V., Camacho, V., Ghiran, I., Ueki, S., Weller, P.F., Melo, R.C.N. Extracellular Microvesicle Production by Human Eosinophils Activated by “Inflammatory” Stimuli. *Frontiers in Cell and Developmental Biology*. 2016;4:117.

Akuthota, P., **Kelsey Capron**, Weller, P.F. Eosinophil purification from peripheral blood. *Methods in Molecular Biology*. 2014;1178:13-20.

Pritchard, J.R., Bruno, P., Gilbert, L.A., **Kelsey Capron**, Lauffenburger, D.A., and Hemann, M.T. Defining principles of combination drug mechanisms of action. *Proceedings of the National Academy of Sciences (PNAS)*. 2013;110(2):E170-179.

RESEARCH POSTERS

Kelsey Capron, MD, & David Goldstein, MD, FHM. An A-HA Moment: Pitfalls in Diagnosing a Case of Acquired Hemophilia A. Presented at the Society of Hospital Medicine Annual Conference, National Harbor, MD. 2019.

Kelsey Capron, Weinstein, L.C. Housing First: A Solution to Urban Homelessness. Presented at College Within the College – Population Health Poster Session, Philadelphia, PA. 2015.

Pritchard, J.R., **Kelsey Capron**, Lauffenburger, D.A., and Hemann, M.R. A functional genetic analysis of drug mechanisms of action. Presented at the American Association for Cancer Research / National Cancer Institute Conference on Systems Biology, San Diego, CA. 2011.

INTERESTS

NON-MEDICAL: Singing, learning ukulele & piano, baking, board games, hiking, cross-country skiing, travel, learning languages (French, Spanish, very limited Haitian Creole)

MEDICAL: Full spectrum family and community medicine, longitudinal care / accompaniment, population health, high risk and surgical obstetrics, contraceptives counseling, family planning, abortion care, addiction medicine, harm reduction, street medicine, underserved populations, global health, point of care ultrasound

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of (i) the Findings Supporting Recruitment of Guadalupe Arreola, MD (ii) the Contract Terms for Dr. Arreola's Recruitment Agreement, and (iii) the Contract Terms for Dr. Arreola's Family Medicine Professional Services Agreement**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer
Stacey Callahan, Physician Services Coordinator

Date: February 9, 2022

Executive Summary

In consultation with members of the medical staff, hospital executive management has identified the recruitment of a physician specializing in family practice as a recruiting priority for the hospital's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in October 2019, the specialty of Family Medicine is recommended as a top priority for recruitment. Furthermore, two of the physicians providing coverage at the SVMHS Rural Health Clinic in Gonzales, Taylor Farms Family Health & Wellness Center (TFFH&WC), have reduced to part-time clinic schedules, emphasizing the need for additional coverage in the clinic.

The recommended physician, Guadalupe Arreola, MD, received both her Doctor of Medicine degree from the University of California, Davis School of Medicine. While working toward her Doctorate at UC Davis, Dr. Arreola also completed a one year fellowship in Child and Adolescent Psychiatry. Dr. Arreola will be completing her Family Medicine Residency in June 2022 with the University of San Francisco at Natividad Medical Center. She is fluent in Spanish and is interested in providing comprehensive care to the community of Gonzales; including prenatal care and adolescent mental health services. Dr. Arreola plans to join TFFH&WC in September.

Terms and Conditions of Agreements

The proposed physician recruitment requires the execution of two types of agreements:

1. **Professional Services Agreement** Essential Terms and Conditions:

- Professional Services Agreement that provides W-2 relationship for IRS reporting
- Two (2) year term for the PSA
- 1.0 Full-Time Equivalent (FTE)
- Base guarantee salary of two hundred seventy-five thousand dollars (\$275,000) per year, and to the extent it exceeds the base salary, productivity compensation of fifty seven dollars and sixty five cents (\$57.65) work Relative Value Unit (wRVU).
- Access to SVMHS Health Plan. Physician premium is projected based on 15% of SVMHS cost
- Access to SVMHS 403(b) and 457 retirement plans. 5% base contribution to 403b plan that vests after three years. Based on federal contribution limits this contribution is capped at fifteen thousand two hundred fifty dollars (\$15,250) annually
- Three (3) weeks off for vacation
- Two thousand dollar (\$2,000) annual stipend for Continuing Medical Education (CME)
- The physician will receive an occurrence based professional liability policy through BETA Healthcare Group

2. **Recruitment Agreement** that provides a sign-on bonus of forty thousand dollars (\$40,000) and is structured as forgivable loan over 2 years of service to SVMHS.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Arreola is aligned with our strategic priorities for the growth and finance pillars. We continue to develop a clinic infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

The addition of Dr. Arreola to TFFH&WC has been identified as a need for recruitment while also providing additional resources and coverage for the practice.

The compensation proposed in these agreements have been reviewed by independent valuation and compensation consulting firms to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

SVMHS Administration requests that the Personnel, Pension and Investment Committee recommend to the SVMHS Board of Directors approval of the following:

1. **The Findings Supporting Recruitment of Guadalupe Arreola, MD,**
 - **That the recruitment of a family medicine physician to Taylor Farms Family Health & Wellness Center is in the best interest of the public health of the communities served by the District; and**
 - **That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;**
2. **The Contract Terms of the Recruitment Agreement for Dr. Arreola; and**
3. **The Contract Terms of the Family Medicine Professional Services Agreement for Dr. Arreola.**

Attachments

- (1) Curriculum Vitae – Guadalupe Arreola, MD

Guadalupe Arreola, MD

Professional Summary

I am a Family Medicine Physician with ongoing commitment to addressing health disparities by improving access to quality healthcare in medically underserved communities. In addition to providing comprehensive primary care, I have a special interest in providing gender affirming care, increasing access to integrated primary care mental health services and expanding access to reproductive services.

Education

University of California, Davis School of Medicine Doctor of Medicine	2012-2018
<ul style="list-style-type: none">- Completed the one-year Klingenstein Third Generation Foundation Fellowship in Child and Adolescent Psychiatry at UCD SoM- United Health Foundation/National Medical Fellowship Diverse Scholars Program recipient for community project raising awareness of the role in early language exposure as a social determinant of health.- Academic Letter of Distinction and Commendation of Professionalism in Clinical Psychiatry- HRSA Scholarship for Disadvantaged Students (2012, 2015)- Latino Medical Student Association Service Award for Co-Mentoring Chair role	
University of California, Davis School of Medicine Post baccalaureate	2010-2011
University of California, Davis Bachelor of Science	2003-2007
<ul style="list-style-type: none">- Major in Viticulture and Enology with emphasis in Microbiology- Minor in Chicano Studies	
Glendale Community College, Glendale, CA. Associate in Science, Biology and Physical Sciences	2002-2003
Los Angeles Mission College, Sylmar, CA. Biology and Physical Sciences	2001-2002

Work Experience

Neurological Research Institute of Southern California. Santa Monica, CA.
2007-2010

Clinical Trial Study Coordinator

- Communicated with IRB, processed regulatory documents and attended Investigator meetings throughout US, upon my return trained clinical research assistants in the proper implementation of the study protocol
- Performed initial intakes, obtained medical Hx, documented and reported adverse events.
- Monitored that all work was performed in accordance with the principles and guidelines established by Good Clinical Practices, the Declaration of Helsinki and the Code of Federal Regulations to ensure the overall safety and ethical consideration of our research participants.

Facey Medical Group. Facey Clinical Research Center. Mission Hills, CA

2011-2012

Clinical Study Assistant

- Performed patient visits: recorded medical history, adverse events and changes in medications.
- Screened potential research participants based on inclusion & exclusion criteria.
- Collected and processed laboratory specimens based on study protocol.

Internship and Residency

Natividad Family Medicine Residency

- Over 1000 patient encounters in my continuity clinic as of December 3rd year, completed over 70 vaginal deliveries, received robust training in inpatient adult medicine, provided COVID Surge inpatient coverage during the peak of the Pandemic.
- I pursued additional 1st trimester abortion training, completed over 25 mechanical vacuum aspirations. I am trained in Opiate use and Alcohol use d/o and provided ongoing treatment management for patients on Suboxone and Vivitrol.
- I am trained in many women's health procedures including LARC placement and some experience with pessary fitting, placement and surveillance.
- I received additional training in Trans and Nonbinary Care with the support of Santa Cruz area providers with expertise in HRT. Provided surveillance for PreP use.
- Monterey County Medical Society Board Member, resident representative

Scholarly Projects

QI Project: *Improving Clinic Processing of EDD Forms*. Vivian Garcia, MD. **Guadalupe Arreola, MD**. Alex Logono, MD. 2020

QI Project: *Improving glycemic control in patients with Type II DM by minimizing Rx refill delays among patients with county sponsored insurance*. Created an Epic Order Set with updated formulary. **Guadalupe Arreola, MD**. Ericka Jaramillo, MD. Elaine Lee, DO. 2021

Community Medicine Project: *Increasing Access to Health Education and Services at Mount Toro High School via Mobile Clinic in Salinas, CA*. Objective: Provide sustainable and equitable health curriculum and increase access to reproductive health services to local continuation high school students by creating partnerships with a local FQHC, Family Medicine residency program, local county health department and the school district. 2022

Community and Advocacy Presentations

Presented a resolution at the CAFP All Member Advocacy Meeting. 5/2021. Resolution: **A-16-21 – Extend disability benefits to breastfeeding mothers exposed to pesticides in the workplace**. Resolution was referred to the Committee on Public Health and Equity (CPHE). CAFP Action resolution was adopted 12/2021. CAFP will now be the first medical professional organization advocating for this application of benefits to women exposed to pesticides in the workplace.

Increasing Suicide Rates among Caregivers during COVID [Spanish presentation to Caregiver Support group]. 2021
Anxiety and Depression among teens [Health Talk presentation for local Health Academy HS students]. 2021
Healthy vs unhealthy relationships [Health Talk at Sun Street Center – Road to Recovery in Salinas]. 2021

Residency Morning Report Presentation:

A Systematic Approach to Shoulder Pain and The Shoulder Exam. 2019

Diagnostic Approach to Anemia. 2019

Abnormal Uterine Bleeding in Premenopausal Women. 2020

Diuretic Therapy for patients with Heart Failure.

Review of the HTN Guidelines ACC/AHA vs USPSTF. 2021

Managing Depression in the Primary Care Setting. 2021

Joint Injection in Primary Care. 2021

Certifications

- ACLS, PALS, BLS, ALSO

Licenses

- Current Post Graduate Training License California
- Pending CA State Medical License
- Pending CA State DEA License with Suboxone waiver

HUMAN RESOURCES METRICS

(VERBAL)

(CHILDS)



Salinas Valley Memorial Healthcare System

Impact and strategy in a rising interest rate environment for the SVMH reserves

February 22, 2022

Contact Information

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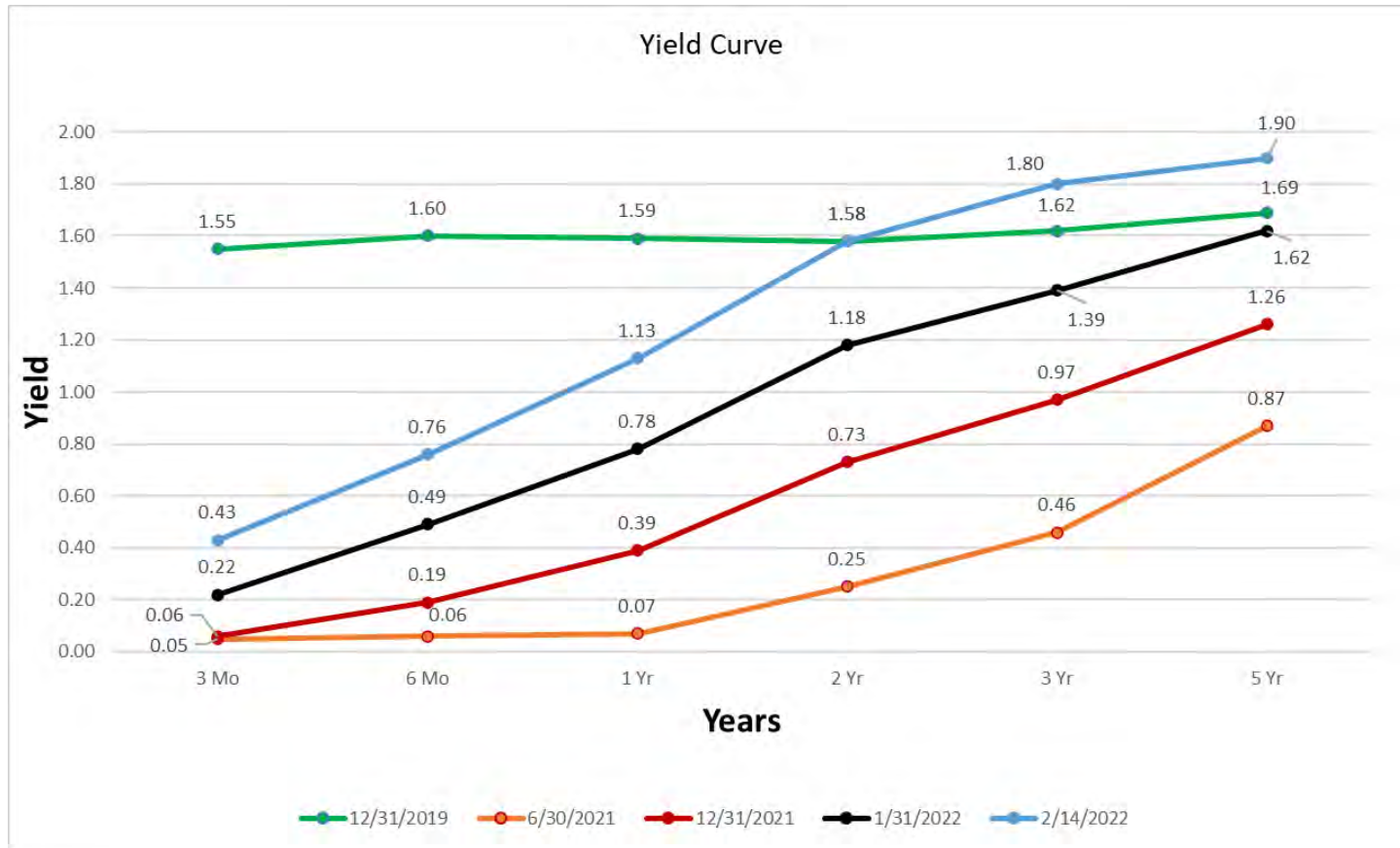
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Impact and strategy in a rising interest rate environment for the SVMH reserves

- Today we are in a rising interest rate environment due to higher inflation, robust economic growth and higher corporate earnings growth
- Inflation has picked up due to supply chain issues, low unemployment and higher costs of commodities and energy
- Yields have dropped dramatically since the pandemic due to unprecedented global liquidity fueled by worldwide fiscal and monetary stimulus
- Rates have been rising due to higher inflation and anticipated fed reserve reducing quantitative easing and increasing policy rate
- The Fed is moving to a more hawkish approach/raising rates due to a reduction in quantitative easing

Yield Curve



Date	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr
12/31/2019	1.55	1.60	1.59	1.58	1.62	1.69
6/30/2021	0.05	0.06	0.07	0.25	0.46	0.87
12/31/2021	0.06	0.19	0.39	0.73	0.97	1.26
1/31/2022	0.22	0.49	0.78	1.18	1.39	1.62
2/14/2022	0.43	0.76	1.13	1.58	1.80	1.90

Portfolio Valuation Summary

	12/31/2019	06/30/2021	12/31/2021	01/31/2022
Total Market Value	266,069,312	\$291,657,933	\$294,768,816	\$293,586,692
Market Yield	1.80	0.63	0.96	1.28
Modified Duration	1.47	2.31	2.21	2.18
Unrealized G/L	\$1,664,420	\$2,160,449	(\$1,289,968)	(\$3,732,255)
Economic Income (12 mo)	\$5,495,975	\$3,637,183	\$3,364,898	\$3,206,600
2 Year Treasury Yield	1.58	0.25	0.73	1.18

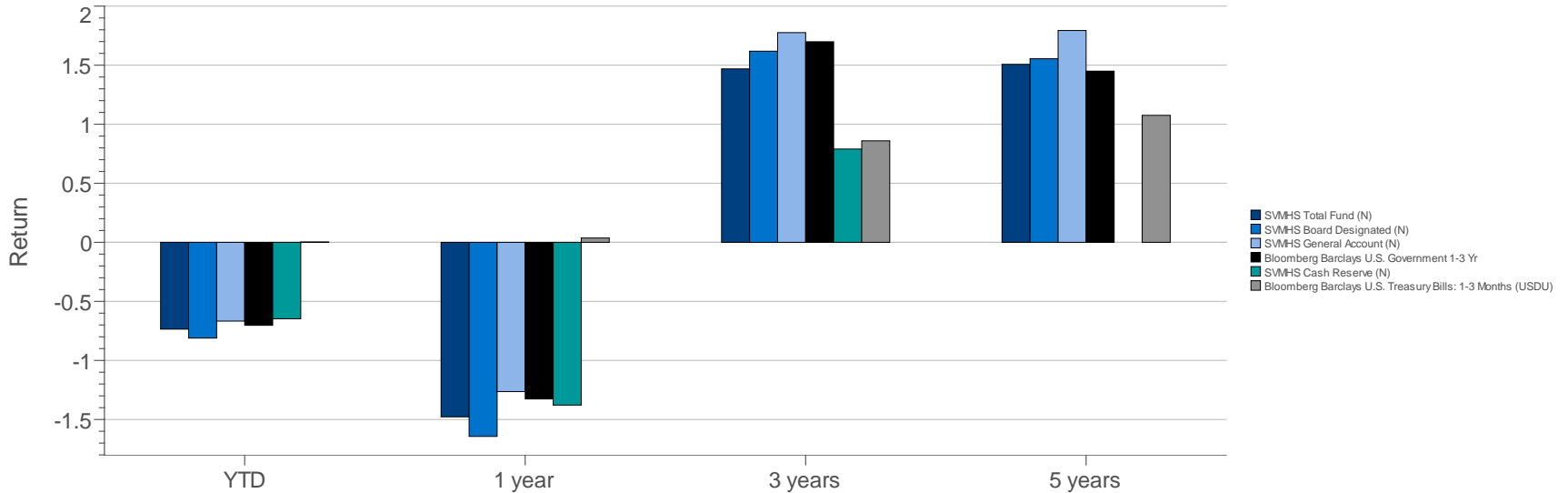
Source: Clearwater Analytics

Performance – Trailing Years

Zephyr StyleADVISOR

Zephyr StyleADVISOR: Morgan Stanley - Newport Beach, CA

Manager vs Benchmark: Return
February 2017 - January 2022 (not annualized if less than 1 year)



Manager vs Benchmark: Return
February 2017 - January 2022 (not annualized if less than 1 year)

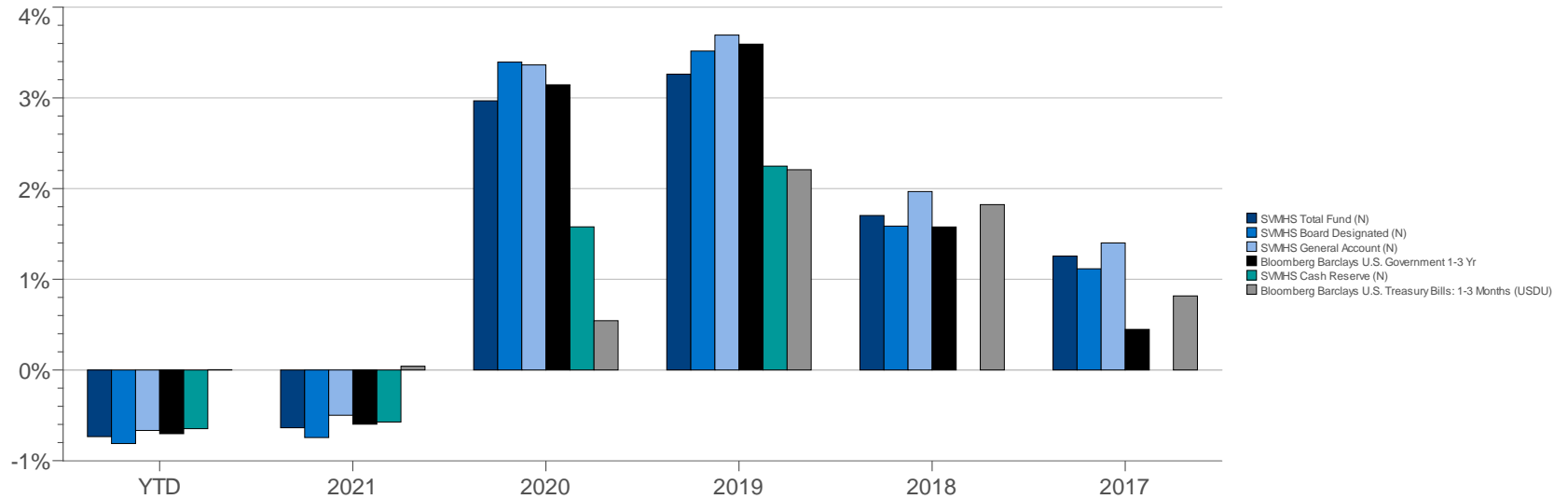
	YTD	1 year	3 years	5 years
SVMHS Total Fund (N)	-0.74%	-1.48%	1.47%	1.51%
SVMHS Board Designated (N)	-0.81%	-1.64%	1.62%	1.55%
SVMHS General Account (N)	-0.67%	-1.26%	1.78%	1.79%
Bloomberg Barclays U.S. Government 1-3 Yr	-0.70%	-1.33%	1.70%	1.45%
SVMHS Cash Reserve (N)	-0.65%	-1.38%	0.79%	N/A
Bloomberg Barclays U.S. Treasury Bills: 1-3 Months (USDU)	0.00%	0.04%	0.86%	1.08%

Performance – Calendar Years

Zephyr StyleADVISOR

Zephyr StyleADVISOR: Morgan Stanley - Newport Beach, CA

Calendar Year Return As of January 2022



Calendar Year Return As of January 2022

	YTD	2021	2020	2019	2018	2017
SVMHS Total Fund (N)	-0.74%	-0.64%	2.97%	3.26%	1.70%	1.26%
SVMHS Board Designated (N)	-0.81%	-0.74%	3.39%	3.52%	1.59%	1.12%
SVMHS General Account (N)	-0.67%	-0.50%	3.36%	3.69%	1.97%	1.40%
Bloomberg Barclays U.S. Government 1-3 Yr	-0.70%	-0.60%	3.14%	3.59%	1.58%	0.45%
SVMHS Cash Reserve (N)	-0.65%	-0.57%	1.58%	2.25%	N/A	N/A
Bloomberg Barclays U.S. Treasury Bills: 1-3 Months (USDU)	0.00%	0.04%	0.54%	2.21%	1.82%	0.82%

Macro Forecast – Economics

Region/Country	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	2022E	2023E
CPI										
Global	5.3	5.0	4.6	3.8	3.2	3.0	3.0	3.0	4.7	3.1
G10	4.9	4.1	3.3	2.4	2.4	2.0	1.9	1.9	3.7	2.1
US	6.8	5.2	4.2	2.9	2.6	2.5	2.4	2.2	4.7	2.8
EM	5.6	5.6	5.7	4.9	4.0	3.8	3.8	3.8	5.5	3.8
GDP										
Global	4.7	4.8	4.8	4.3	4.2	3.9	3.8	3.7	4.6	3.9
G10	4.9	4.3	4.4	3.9	3.6	3.1	2.7	2.5	4.3	3.0
US	4.9	4.5	5.2	4.6	4.4	3.9	3.5	3.1	4.8	3.7
EM	4.6	5.3	5.1	4.7	4.6	4.5	4.6	4.6	4.8	4.5
POLICY RATE										
Global	2.3	2.5	2.6	2.6	2.6	2.7	2.7	2.7	2.6	2.7
G10	0.0	0.2	0.3	0.4	0.6	0.7	0.7	0.8	0.4	0.8
US	0.375	0.625	0.875	1.125	1.375	1.625	1.625	1.625	1.125	1.625
EM	4.1	4.3	4.3	4.3	4.3	4.3	4.2	4.1	4.3	4.1
10 Year Treasury Yield										
	2.0			2.3				2.5	2.3	2.5

Source: Morgan Stanley Research. Data as of 21 January 2022

CPI numbers are period averages, global and regional aggregates are PPP-weighted.

Account Summary (1)

01/01/2022 - 01/31/2022

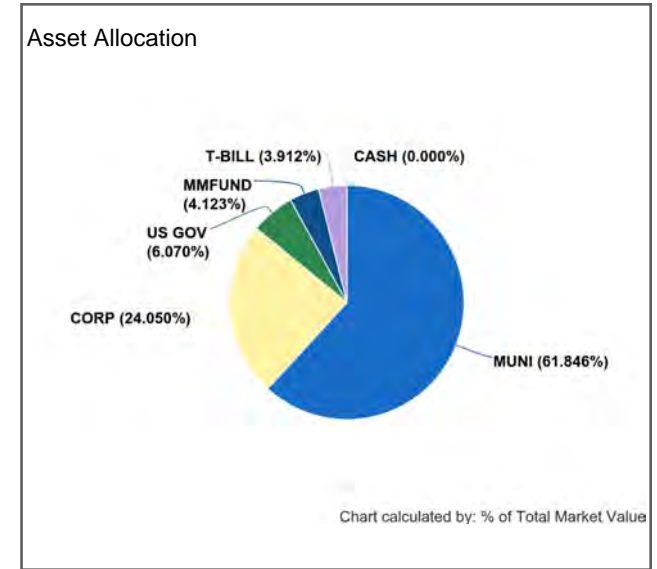
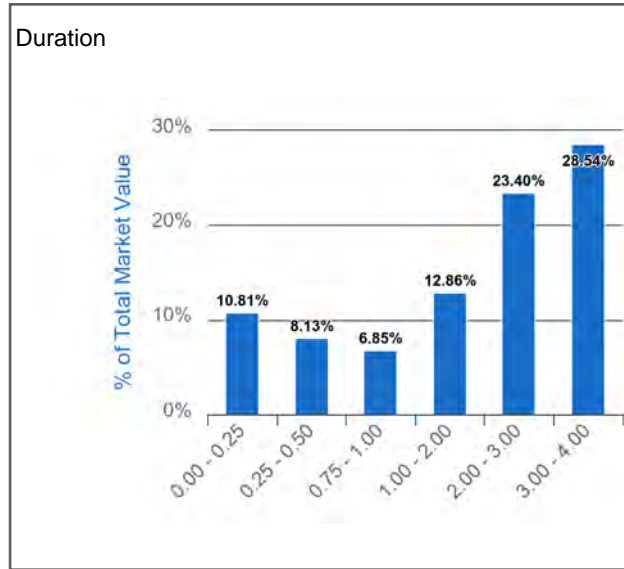
SVMHS Consolidated (62288)

Dated: 02/03/2022

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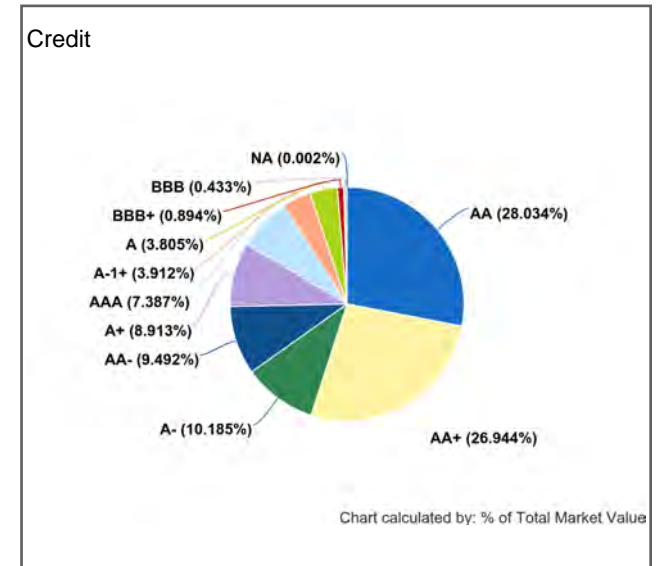
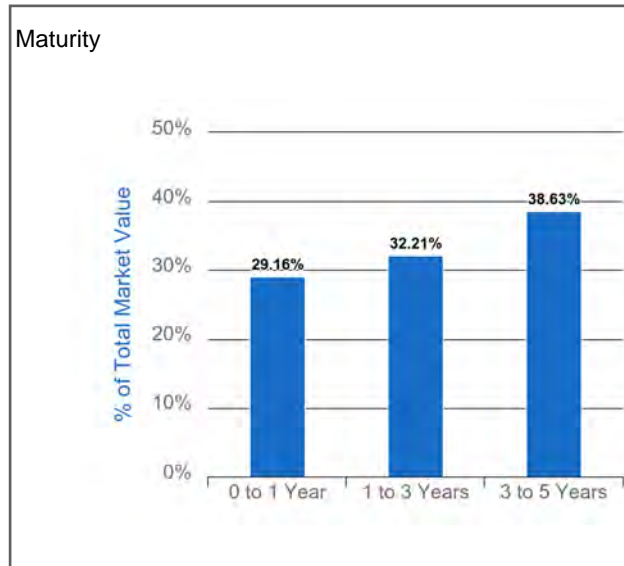
Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	293,586,692
Market Value	291,564,153
Accrued Interest	2,022,538
Yield at Cost	1.09
Market Yield	1.28
Modified Duration	2.18
Coupon	2.22
Unrealized G/L	-3,732,255
Economic Income (12 mo)	3,206,600
Moody's Rating	Aa3
S&P Rating	AA-
Years to Final Maturity	2.19
Years to Effective Maturity	2.19
Eff Maturity	04/11/2024

Footnotes: 1,2,3



Performance

Period	Total Return	Income Return	Price Return	Period Begin	Period End
Year to Date	-0.735%	0.091%	-0.826%	01/01/2022	01/31/2022
Trailing Month	-0.735%	0.091%	-0.826%	01/01/2022	01/31/2022
Trailing Quarter	-0.968%	0.266%	-1.233%	11/01/2021	01/31/2022
Trailing Year	-1.478%	1.225%	-2.703%	02/01/2021	01/31/2022
Prior Month	-0.188%	0.076%	-0.264%	12/01/2021	12/31/2021
Prior Quarter	-0.649%	0.274%	-0.923%	10/01/2021	12/31/2021
Prior Year	-0.637%	1.252%	-1.889%	01/01/2021	12/31/2021
Since Inception	7.161%	---	---	08/10/2016	01/31/2022



Account Summary (1)

12/01/2021 - 12/31/2021

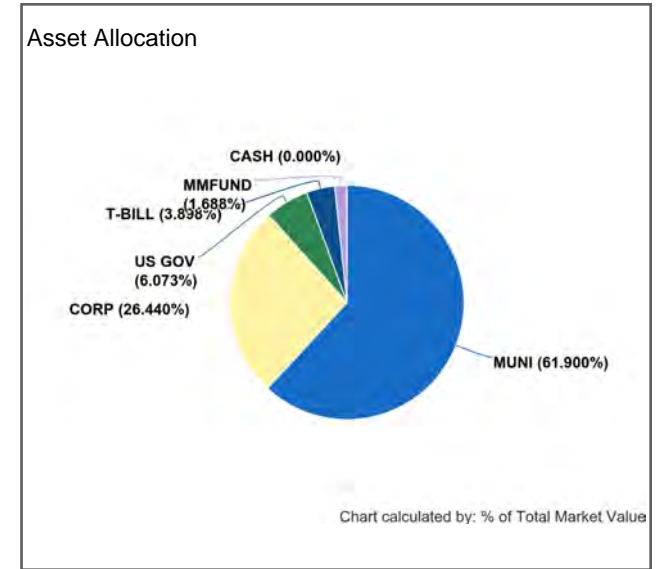
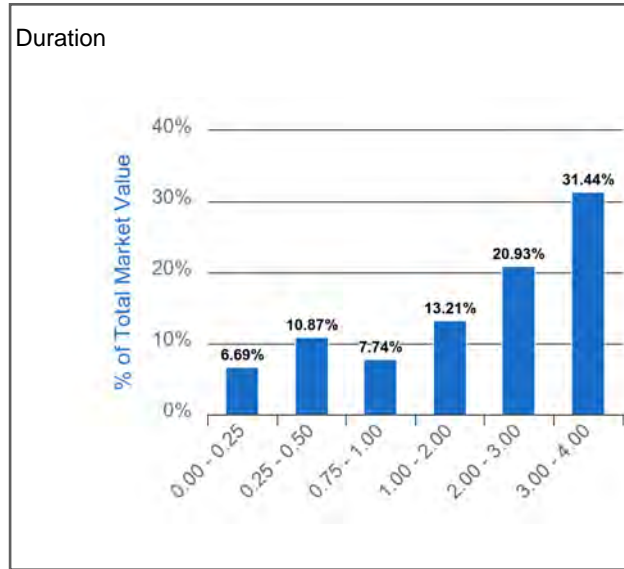
SVMHS Consolidated (62288)

Dated: 01/05/2022

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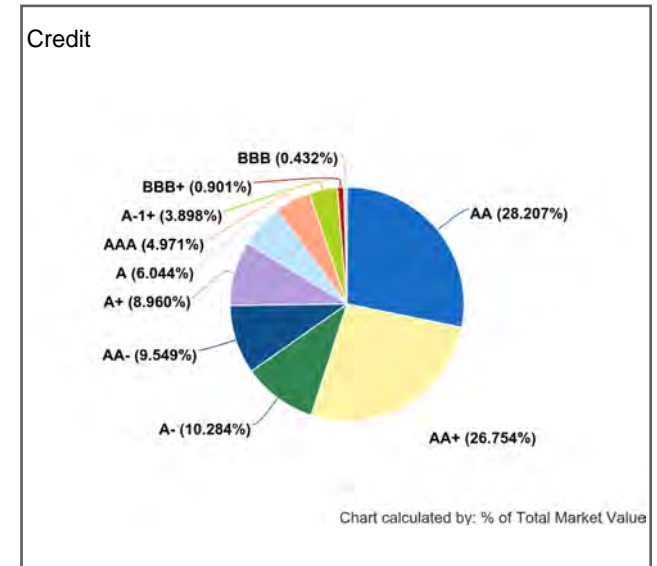
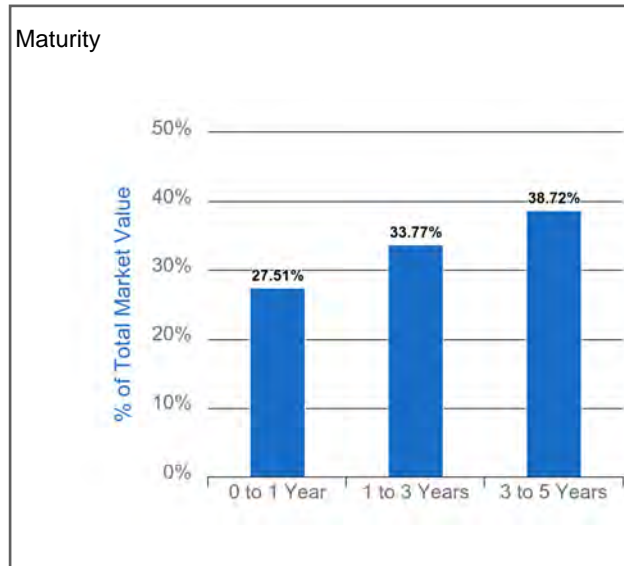
Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	294,768,816
Market Value	292,803,626
Accrued Interest	1,965,189
Yield at Cost	1.15
Market Yield	0.96
Modified Duration	2.21
Coupon	2.28
Unrealized G/L	-1,289,968
Economic Income (12 mo)	3,364,898
Moody's Rating	Aa3
S&P Rating	AA-
Years to Final Maturity	2.28
Years to Effective Maturity	2.27
Eff Maturity	04/09/2024

Footnotes: 1,2,3



Performance

Period	Total Return	Income Return	Price Return	Period Begin	Period End
Year to Date	-0.637%	1.252%	-1.889%	01/01/2021	12/31/2021
Trailing Month	-0.188%	0.076%	-0.264%	12/01/2021	12/31/2021
Trailing Quarter	-0.649%	0.274%	-0.923%	10/01/2021	12/31/2021
Trailing Year	-0.637%	1.252%	-1.889%	01/01/2021	12/31/2021
Prior Month	-0.047%	0.099%	-0.146%	11/01/2021	11/30/2021
Prior Quarter	0.086%	0.311%	-0.224%	07/01/2021	09/30/2021
Prior Year	2.968%	1.820%	1.148%	01/01/2020	12/31/2020
Since Inception	7.955%	---	---	08/10/2016	12/31/2021



Account Summary (1)

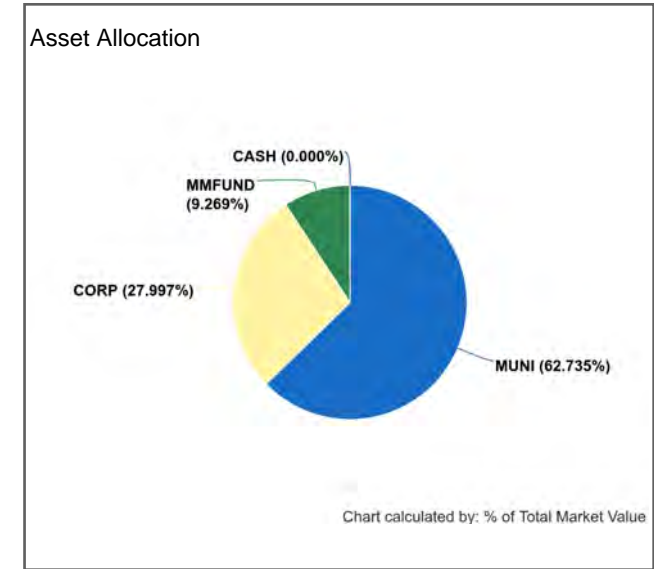
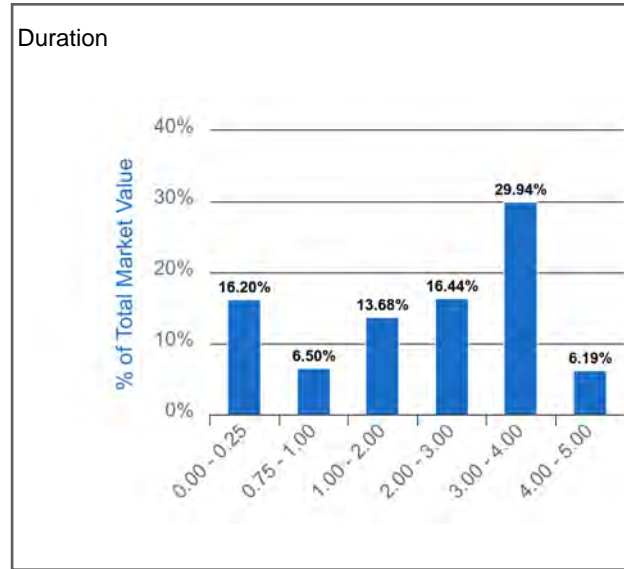
06/01/2021 - 06/30/2021

SVMHS Consolidated (55685)

Dated: 07/01/2021

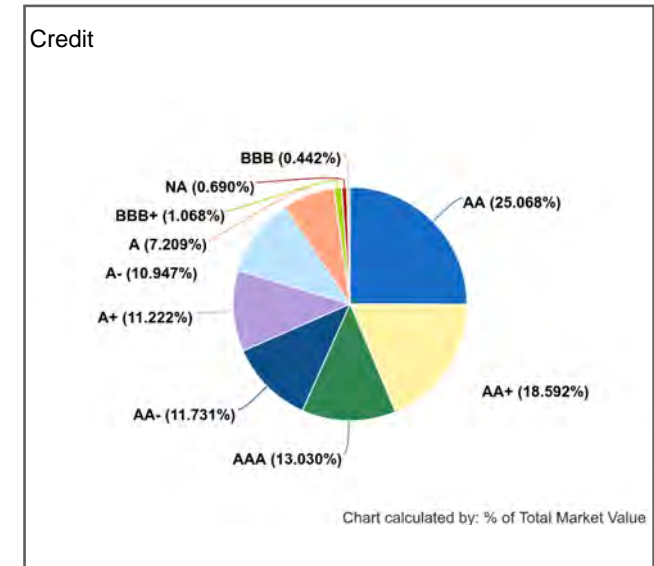
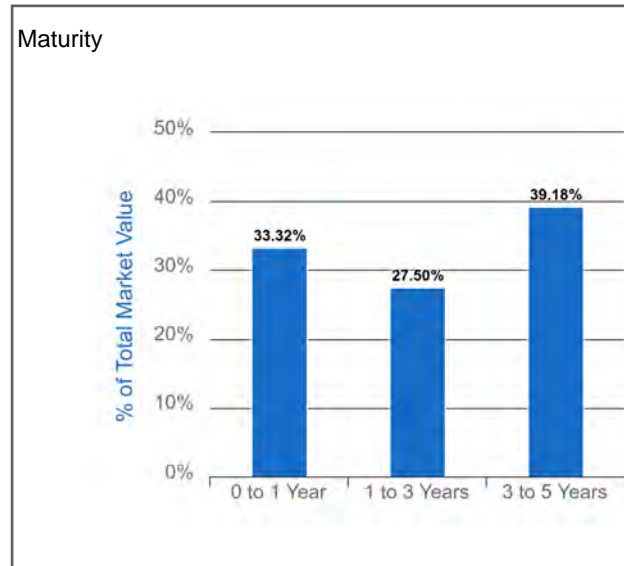
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Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	291,657,933
Market Value	289,605,746
Accrued Interest	2,052,188
Yield at Cost	1.27
Market Yield	0.63
Modified Duration	2.31
Coupon	2.43
Unrealized G/L	2,160,449
Economic Income (12 mo)	3,637,183
Moody's Rating	Aa3
S&P Rating	A+
Years to Final Maturity	2.21
Years to Effective Maturity	2.19
Eff Maturity	09/08/2023
Footnotes: 1,2,3	



Performance

Period	Total Return	Income Return	Price Return	Period Begin	Period End
Year to Date	-0.074%	0.668%	-0.742%	01/01/2021	06/30/2021
Trailing Month	-0.147%	0.106%	-0.252%	06/01/2021	06/30/2021
Trailing Quarter	0.387%	0.322%	0.065%	04/01/2021	06/30/2021
Prior Month	0.222%	0.104%	0.118%	05/01/2021	05/31/2021
Prior Quarter	-0.459%	0.347%	-0.806%	01/01/2021	03/31/2021
Prior Year	2.968%	1.820%	1.148%	01/01/2020	12/31/2020
Since Inception	8.566%	---	---	08/10/2016	06/30/2021



Account Summary (1)

12/01/2019 - 12/31/2019

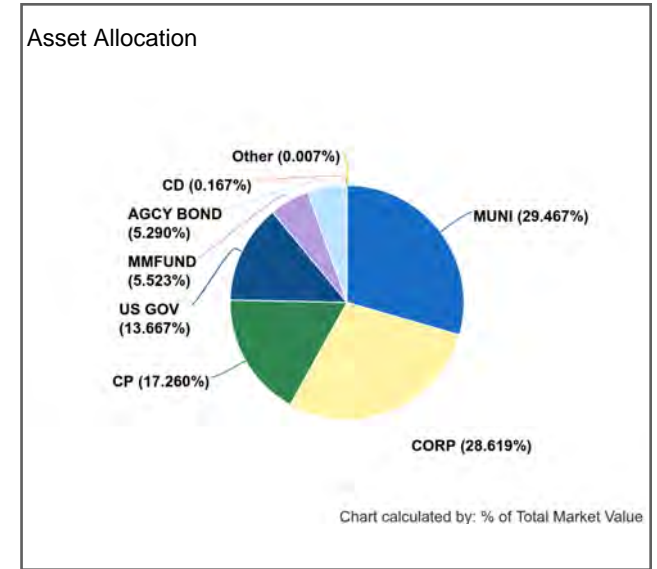
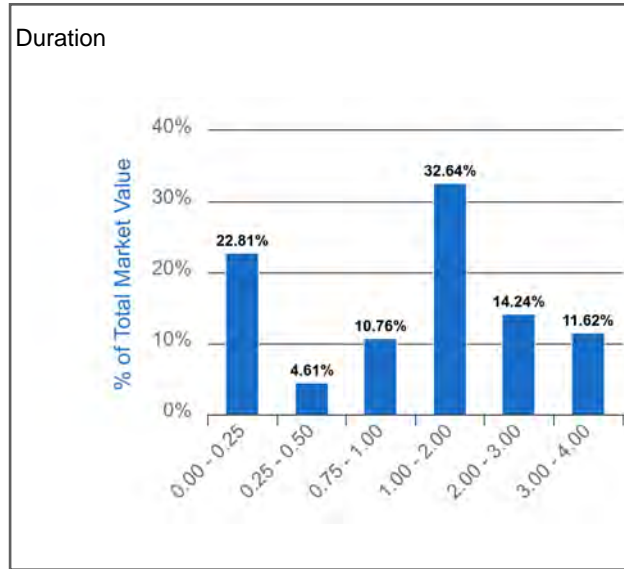
SVMHS Consolidated (47965)

Dated: 01/03/2020

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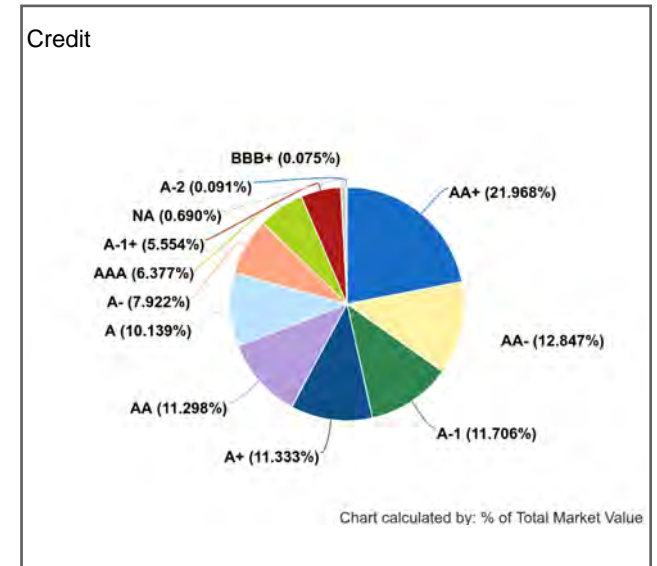
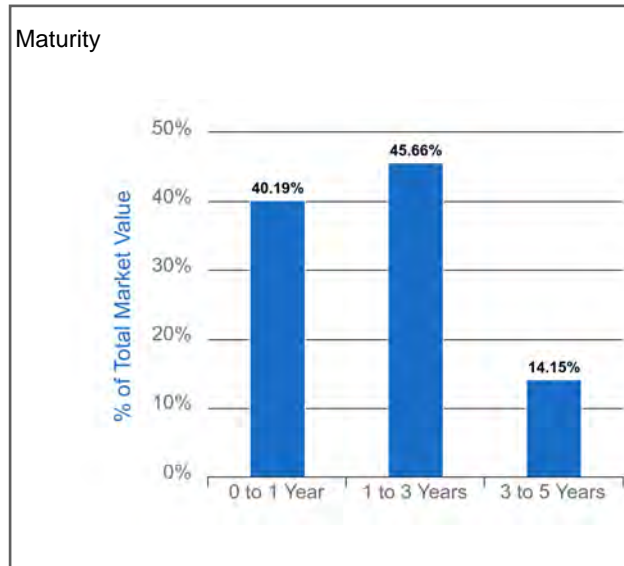
Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	266,069,312
Market Value	264,571,211
Accrued Interest	1,498,101
Yield at Cost	2.09
Market Yield	1.80
Modified Duration	1.47
Coupon	2.26
Unrealized G/L	1,664,420
Economic Income (12 mo)	5,495,975
Moody's Rating	Aa3
S&P Rating	AA-
Years to Final Maturity	1.48
Years to Effective Maturity	1.45
Eff Maturity	06/15/2021

Footnotes: 1,2,3



Performance

Period	Total Return	Income Return	Price Return	Period Begin	Period End
Year to Date	3.390%	2.953%	0.437%	01/01/2019	12/31/2019
Trailing Month	0.199%	0.163%	0.036%	12/01/2019	12/31/2019
Trailing Quarter	0.519%	0.559%	-0.039%	10/01/2019	12/31/2019
Prior Month	0.060%	0.211%	-0.151%	11/01/2019	11/30/2019
Prior Quarter	0.492%	1.220%	-0.728%	07/01/2019	09/30/2019
Prior Year	1.704%	---	---	01/01/2018	12/31/2018
Since Inception	5.514%	---	---	08/10/2016	12/31/2019



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

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

Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management's qualitative and quantitative investment manager due diligence process are equally important factors for investors when considering managers for use through an investment advisory program. Factors including, but not limited to, manager

turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors.

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

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

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

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An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

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

Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund’s investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund’s essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or “leverage.”

The Morgan Stanley Digital Vault (“Digital Vault”) is accessible to clients with dedicated Financial Advisors. Documents shared via the Digital Vault should be limited to those relevant to your Morgan Stanley account relationship. Uploading a document to the Digital Vault does not obligate us to review or take any action on it, and we will not be liable for any failure to act upon the contents of such document. Please contact your Financial Advisor or Branch Management to discuss the appropriate process for providing the document to us for review. If you maintain a Trust or entity account with us, only our certification form will govern our obligations for such account. Please refer to the Morgan Stanley Digital Vault terms and conditions for more information.

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Mobile check deposits are subject to certain terms and conditions. Checks must be drawn on a U.S. Bank.

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Electronic payments arrive to the payee within 1-2 business days, check payments arrive to the payee within 5 business days. Same-day and overnight payments are available for an additional fee within the available payment timeframes.

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. **Options** and margin trading involve substantial risk and are not appropriate for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount from their NAV which may increase investors' risk of loss. The risk of loss due to this discount may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering. This characteristic is a risk separate and distinct from the risk that a closed-end fund's net asset value may decrease as a result of investment activities. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases or sells shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry **sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to

concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; Risks associated with the operations, personnel, and processes of the manager; and Risks associated with cybersecurity. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Further, opinions expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management. This is not a "research report" as defined by FINRA Rule 2241 or a "debt research report" as defined by FINRA Rule 2242 and was not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates. Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown). The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Wealth Management and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley Wealth Management or any of its affiliates, (3) are not guaranteed by Morgan Stanley Wealth Management and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Wealth Management is a registered broker-dealer, not a bank. 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Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investments are not appropriate for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund.

Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, “blow ups,” or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial “lift” or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor’s goals by the pre-established year or “target date.” A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are appropriate only for the risk capital portion of an investor’s portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy.

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

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

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

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

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

- The value of Bitcoin and other digital assets may be negatively impacted by future legal and regulatory developments, including but not limited to increased regulation of Bitcoin or such other digital assets. Any such developments may make Bitcoin or such other digital assets less valuable, impose additional burdens and expenses on a fund or product investing in such assets or impact the ability

of such a fund or product to continue to operate, which may materially decrease the value of an investment therein.

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

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

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

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

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

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

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

- Due to the anonymity Bitcoin and other digital assets offer, it has known use in illegal activity, including drug dealing, money laundering, human trafficking, sanction evasion and other forms of illegal commerce. Abuses could impact legitimate consumers and speculators; for instance, law enforcement agencies could shut down or restrict the use of platforms and exchanges, limiting or shutting off entirely the ability to use or trade Bitcoin or other digital asset products.

- Bitcoin and other digital assets may not have an established track record of credibility and trust. Further, any performance data relating to Bitcoin, Bitcoin-related products or other digital asset products may not be verifiable as pricing models are not uniform.

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

- The exchange rate of Bitcoin or other virtual currency products versus the USD historically has been very volatile and the exchange rate could drastically decline. For example, the exchange rate of Bitcoin versus the USD has in the past dropped more than 50% in a single day. Bitcoin may be affected by such volatility as well.

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

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

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

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

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at www.morganstanley.com/disclosures/dol. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

Annuities and insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

Indices are unmanaged and investors cannot directly invest in them. They are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Composite index results are shown for illustrative purposes only, generally do not represent the performance of a specific investment, may not, for a variety of reasons, be an appropriate comparison or benchmark for a particular investment and may not necessarily reflect the actual investment strategy or objective of a particular investment. Consequently, comparing an investment to a particular index may be of limited use.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to form the primary basis for any investment decision by you, or an investment advice or recommendation for either ERISA or Internal Revenue Code purposes. Morgan Stanley Private Wealth Management will only prepare a financial plan at your specific request using Private Wealth Management approved financial planning signature.

We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and over time.

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

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

Morgan Stanley Pathway Program Asset Allocation Models There are model portfolios corresponding to five risk-tolerance levels available in the Pathway program. Model 1 is the least aggressive portfolio and consists mostly of bonds. As the model numbers increase, the models have higher allocations to equities and become more aggressive. Pathway is a mutual fund asset allocation program. In constructing the Pathway Program Model Portfolios, Morgan Stanley Wealth Management uses, among other things, model asset allocations produced by Morgan Wealth Management's Global

Investment Committee (the "GIC"). The Pathway Program Model Portfolios are specific to the Pathway program (based on program features and parameters, and any other requirements of Morgan Stanley Wealth Management's Consulting Group). The Pathway Program Model Portfolios may therefore differ in some respects from model portfolios available in other Morgan Stanley Wealth Management programs or from asset allocation models published by the Global Investment Committee.

529 Plans - Investors should carefully read the Program Disclosure statement, which contains more information on investment options, risk factors, fees and expenses, and possible tax consequences before purchasing a 529 plan. You can obtain a copy of the Program Disclosure Statement from the 529 plan sponsor or your Financial Advisor. Assets can accumulate and be withdrawn federally tax-free only if they are used to pay for qualified expenses. Earnings on nonqualified distributions will be subject to income tax and a 10% federal income tax penalty. Contribution limits vary by state. Refer to the individual plan for specific contribution guidelines. Before investing, investors should consider whether tax or other benefits are only available for investments in the investor's home state 529 college savings plan. If an account owner or the beneficiary resides in or pays income taxes to a state that offers its own 529 college savings or pre-paid tuition plan

(an "In-State Plan"), that state may offer state or local tax benefits. These tax benefits may include deductible contributions, deferral of taxes on earnings and/or tax-free withdrawals. In addition, some states waive or discount fees or offer other benefits for state residents or taxpayers who participate in the In-State Plan. An account owner may be denied any or all state or local tax benefits or expense reductions by investing in another state's plan (an "Out-of-State Plan"). In addition, an account owner's state or locality may seek to recover the value of tax benefits (by assessing income or penalty taxes) should an account owner rollover or transfer assets from an In-State Plan to an Out-of-State Plan. While state and local tax consequences and plan expenses are not the only factors to consider when investing in a 529 Plan, they are important to an account owner's investment return and should be taken into account when selecting a 529 plan.

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

The Morgan Stanley National Advisory 529 Plan. The North Carolina State Education Assistance Authority (the "Authority") is an instrumentality of the State of North Carolina sponsoring the Morgan Stanley National Advisory 529 Plan, and the 529 Plan is a component of the Parental Savings Trust Fund established by the General Assembly of North Carolina. Neither the Authority, the State of North Carolina nor any other affiliated public entity or any other public entity is guaranteeing the principal or earnings in any account. Contributions or accounts may lose value and nothing stated herein, the 529 Plan Description and Participation Agreement or any other account documentation shall be construed to create any obligation of the Authority, the North Carolina State Treasurer, the State of North Carolina, or any agency or instrumentality of the State of North Carolina to guarantee for the benefit of any parent, other interested party, or designated beneficiary the rate of return or other return for any contribution to the Parental Savings Trust Fund and the 529 Plan.

Morgan Stanley Smith Barney LLC ("Morgan Stanley") is the manager of the Morgan Stanley National Advisory 529 Plan and is responsible for its administration, distribution and investment management. For more information please see the Morgan Stanley National Advisory 529 Plan Description and the applicable Morgan Stanley ADV brochure at www.ms.com/adv.

The Morgan Stanley National Advisory 529 Plan is a proprietary offering available exclusively to Morgan Stanley advisory account clients. The Plan is not transferable to other intermediaries.

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

Morgan Stanley Smith Barney LLC does not accept appointments nor will it act as a trustee but it will provide access to trust services through an appropriate third -party corporate trustee.

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

Since **life and long-term care insurance** are medically underwritten, you should not cancel your current policy until your new policy is in force. A change to your current policy may incur charges, fees and costs. A new policy will require a medical exam. Surrender charges may be imposed and the period of time for which the surrender charges apply may increase with a new policy. You should consult with your own tax advisors regarding your potential tax liability on surrenders.

The Morgan Stanley Global Impact Funding Trust, Inc. ("MS GIFT, Inc.") is an organization described in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. MS Global Impact Funding Trust ("MS GIFT") is a donor-advised fund. Morgan Stanley Smith Barney LLC provides investment management and administrative services to MS GIFT. Back office administration provided by RenPSG, an unaffiliated charitable gift administrator.

Important Risk Information for Securities Based Lending: You need to understand that: (1) Sufficient collateral must be maintained to support your loan(s) and to take future advances; (2) You may have to deposit additional cash or eligible securities on short notice; (3) Some or all of your securities may be sold without prior notice in order to maintain account equity at required maintenance levels. You will not be entitled to choose the securities that will be sold. These actions may interrupt your long-term investment strategy and may result in adverse tax consequences or in additional fees being assessed; (4) Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or Morgan Stanley Smith Barney LLC (collectively referred to as "Morgan Stanley") reserves the right not to fund any advance request due to insufficient collateral or for any other reason except for any portion of a securities based loan that is identified as a committed facility ; (5) Morgan Stanley reserves the right to increase your collateral maintenance requirements at any time without notice; and (6) Morgan Stanley reserves the right to call securities based loans at any time and for any reason.

With the exception of a margin loan, the proceeds from securities based loan products may not be used to purchase, trade, or carry margin stock (or securities, with respect to Express CreditLine); repay margin debt that was used to purchase, trade or carry margin stock (or securities, with respect to Express CreditLine); and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account. A non-purpose securities based loan cannot be used to purchase, trade or carry securities or margin stock, as applicable.

To be eligible for a securities based loan, a client must have a brokerage account at Morgan Stanley Smith Barney LLC that contains eligible securities, which shall serve as collateral for the securities based loan.

Lending products and securities based loans are provided by Morgan Stanley Smith Barney LLC, Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A, as applicable.

Liquidity Access Line ("LAL") is a securities based loan/line of credit product, the lender of which is either Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A., as applicable, each an affiliate of Morgan Stanley Smith Barney LLC. All LAL loans/lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A., as applicable. LAL loans/lines of credit may not be available in all locations. Rates, terms and conditions are subject to change without notice. To be eligible for an LAL loan/line of credit, a client must have a brokerage account at Morgan Stanley Smith Barney LLC that contains eligible securities, which shall serve as collateral for the LAL. In conjunction with establishing an LAL loan/line of credit, an LAL facilitation account will also be opened in the client's name at Morgan Stanley Smith Barney LLC at no charge. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association and Morgan Stanley Bank, N.A. are Members FDIC that are primarily regulated by the Office of the Comptroller of the Currency. **The proceeds from a non-purpose LAL loan/line of credit (including draws and other advances) may not be used to purchase, trade, or carry margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.**

Residential mortgage loans/home equity lines of credit are offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. With the exception of the pledged-asset feature, an investment relationship with Morgan Stanley Smith Barney LLC does not have to be established or maintained to obtain the residential mortgage products offered by Morgan Stanley Private Bank, National Association. All residential mortgage loans/home equity lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Rates, terms, and programs are subject to change without notice. Residential mortgage loans/home equity lines of credit may not be available in all states; not available in Guam, Puerto Rico and the U.S. Virgin Islands. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is an Equal Housing Lender and Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. Nationwide Mortgage Licensing System Unique Identifier #663185. **The proceeds from a residential mortgage loan (including draws and advances from a home equity line of credit) are not permitted to be used to purchase, trade, or carry eligible margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; or to make payments on any amounts owed under the note, loan agreement, or loan security agreement; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.**

Through the pledged-asset feature offered by Morgan Stanley Private Bank, National Association, the applicant(s) or third party pledgor (collectively "Client") may be able to pledge eligible securities in lieu of a full or partial cash down payment or in connection with a refinance mortgage loan. To be eligible for the pledged-asset feature a Client must have a brokerage account at Morgan Stanley

Smith Barney LLC. If the value of the pledged securities in the account drops below the agreed-upon level stated in the loan documents, a Client may be required to deposit additional securities or other collateral (such as cash) to stay in compliance with the terms of the mortgage loan. If a Client does not deposit additional securities or other collateral, the Client's pledged securities may be sold to satisfy the Client's obligation, and the Client will not be entitled to choose which assets will be sold. Borrowing against securities may not be appropriate for everyone. In deciding whether the pledged-asset feature is appropriate, a Client should consider, among other things, the degree to which he or she is comfortable subjecting his or her investment in a home to the fluctuations of the securities market. The pledged-asset feature is not available in all states. Other restrictions may apply.

Interest-only loans enable borrowers to make monthly payments of only the accrued monthly interest on the loan during the introductory interest-only period. Once that period ends, borrowers must make monthly payments of principal and interest for the remaining loan term, and payments will be substantially higher than the interest-only payments. During the interest-only period, the total interest that the borrower will be obligated to pay will vary based on the amount of principal paid down, if any. If a borrower makes just an interest-only payment, and no payment of principal, the total interest payable by the borrower during the interest-only period will be greater than the total interest that a borrower would be obligated to pay on a traditional loan of the same interest rate having principal-and-interest payments. In making comparisons between an interest-only loan and a traditional loan, borrowers should carefully review the terms and conditions of the various loan products available and weigh the relative merits of each type of loan product appropriately. The interest rate and payments on an adjustable rate mortgage ("ARM") loan may increase over the life of a loan as interest is fixed for a specified period and then will adjust periodically thereafter. The annual percentage rate may increase after consummation of the loan.

3/6M, 5/6M, 7/6M, 10/6M adjustable rate mortgage ("ARM") loans are based on the Secured Overnight Financing Rate ("SOFR") 30-Day Average.

Relationship-based pricing offered by Morgan Stanley Private Bank, National Association is based on the value of clients', or their immediate family members' (i.e., grandparents, parents, and children) eligible assets (collectively "Household Assets") held within accounts at Morgan Stanley Smith Barney LLC. To be eligible for relationship-based pricing, Household Assets must be maintained within appropriate eligible accounts prior to the closing date of the residential mortgage loan. Relationship-based pricing is not available on conforming loans.

The Morgan Stanley Debit Card is issued by Morgan Stanley Private Bank, National Association pursuant to a license from Mastercard International Incorporated. Mastercard and Maestro are registered trademarks of Mastercard International Incorporated. The third-party trademarks and service marks contained herein are the property of their respective owners. Investments and services offered through Morgan Stanley Smith Barney LLC, Member SIPC.

Cash management and lending products and services are provided by Morgan Stanley Smith Barney LLC, Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A, as applicable.

Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A, each a national bank, Member FDIC.

The information provided herein is not intended to address any particular matter and may not apply depending on the context, as all clients' circumstances are unique.

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.

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

The trust services referenced herein are provided by the third parties listed who are not affiliated with Morgan Stanley. Neither Morgan Stanley nor its affiliates are the provider of such trust services and will not have any input or responsibility concerning a client's eligibility for, or the terms and conditions associated with these trust services. Neither Morgan Stanley nor its affiliates shall be responsible for content of any advice or services provided by the unaffiliated third parties listed herein. Morgan Stanley or its affiliates may participate in transactions on a basis separate from the referral of clients to these third parties and may receive compensation in connection with referrals made to them.

Trusts are not necessarily appropriate for all clients. There are risks and considerations which may outweigh any potential benefits. Establishing a trust will incur fees and expenses which may be substantial. Trusts often incur ongoing administrative fees and expenses such as the services of a corporate trustee or tax professional.

The Portfolio Analysis report ("Report") is generated by Morgan Stanley Smith Barney LLC's ("Morgan Stanley") Portfolio Risk Platform. The assumptions used in the Report incorporate portfolio risk and scenario analysis employed by BlackRock Solutions ("BRS"), a financial technology and risk analytics provider that is independent of Morgan Stanley. BRS' role is limited to providing risk analytics to Morgan Stanley, and BRS is not acting as a broker-dealer or investment adviser nor does it provide investment advice with respect to the Report. Morgan Stanley has validated and adopted the analytical conclusions of these risk models.

Any recommendations regarding external accounts/holdings are asset allocation only and do not include security recommendations. Transitioning from a brokerage to an advisory relationship may not be appropriate for some clients.

IMPORTANT: The projections or other information provided in the Report regarding the likelihood of various investment outcomes (including any assumed rates of return and income) are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Hypothetical investment results have inherent limitations.

- There are frequently large differences between hypothetical and actual results.
- Hypothetical results do not represent actual results and are generally designed with the benefit of hindsight.
- They cannot account for all factors associated with risk, including the impact of financial risk in actual trading or the ability to withstand losses or to adhere to a particular trading strategy in the face of trading losses.
- There are numerous other factors related to the markets in general or to the implementation of any specific strategy that cannot be fully accounted for in the preparation of hypothetical risk results and all of which can adversely affect actual performance.

Morgan Stanley cannot give any assurances that any estimates, assumptions or other aspects of the risk analyses will prove correct. They are subject to actual known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those shown in a Report. The information is as of the date of the Report or as otherwise noted within the Report. Morgan Stanley expressly disclaims any obligation or undertaking to update or revise any statement or other information contained in a Report to reflect any change in past results, future expectations or circumstances upon which that statement or other information is based.

The Platinum Card® from American Express exclusively for Morgan Stanley is issued by American Express National Bank, not Morgan Stanley Smith Barney LLC. Services and rewards for the Cards are provided by either Morgan Stanley Smith Barney LLC, American Express, or other third parties. Restrictions and other limitations apply. See the terms and conditions for the Cards for details. Clients are urged to review fully before applying. Morgan Stanley, its affiliates and Morgan Stanley Financial Advisors and employees are not in the business of providing tax or legal advice. Clients should speak with their tax advisor regarding the potential tax implications of the Rewards Program upon their specific circumstances. The Platinum Card® from American Express Exclusively for Morgan Stanley is issued by American Express National Bank. ©2021 American Express National Bank.

To be eligible to earn the 60,000 Membership Rewards® points, you must be enrolled in the Membership Rewards program at the time of eligible purchase. 60,000 Membership Rewards points will be credited to your account after you charge a total of \$5,000 (the "Threshold Amount") or more of eligible purchases on your Platinum Card from American Express within the first 3 months of Platinum Card Membership. Eligible purchases can be made by the Basic Card Member and any Additional Card Members on a single Card account. Eligible purchases are purchases for goods and services minus returns and other credits. Eligible purchases to meet the Threshold Amount do NOT include fees or interest charges, purchases of travelers' checks, purchases or reloading of prepaid cards, purchases of gift cards, person-to-person payments, or purchases of other cash equivalents. Additional terms and restrictions apply. Points will be credited to your Membership Rewards account within 8–12 weeks after the last eligible purchase you made to meet the Threshold Amount appears on your monthly billing statement. If you have any questions regarding this offer, please call the number on the back of your Card. If we in our sole discretion determine that you have engaged in abuse, misuse, or gaming in connection with the welcome offer in any way or that you intend to do so (for example, if you applied for one or more cards to obtain a welcome offer(s) that we did not intend for you; if you cancel or downgrade your account within 12 months after acquiring it; or if you cancel or return purchases you made to meet the Threshold Amount), we may not credit the 60,000 Membership Rewards points to, we may freeze the 60,000 Membership Rewards points credited to, or we may take

away the 60,000 Membership Rewards points from your account. We may also cancel this Card account and other Card accounts you may have with us. Your Card account must not be canceled or past due at the time of fulfillment of any offers. You can earn 60,000 Membership Rewards points after spending \$5,000 starting from the date your account is approved. In rare instances, your period to spend \$5,000 may be shorter than 3 months if there is a delay in receiving your Card. Also, purchases may fall outside of the 3 month period in some cases, such as a delay in merchants submitting transactions to us or if the purchase date differs from the date you made the transaction. (For example, if you buy goods online, the purchase date may be the date the goods are shipped.) Terms and Conditions for the Membership Rewards® program apply. Visit membershiprewards.com/terms for more information. Participating partners and available rewards are subject to change without notice. The value of Membership Rewards points varies according to how you choose to use them. To learn more, go to www.membershiprewards.com/pointsinfo. American Express reserves the right to modify or revoke offer at any time. The Morgan Stanley Cards from American Express are issued by American Express bank, not Morgan Stanley Smith Barney LLC. Services and rewards for the Cards are provided by Morgan Stanley Smith Barney LLC, American Express or other third parties. Restrictions and other limitations apply. See the terms and conditions for the Cards for details. Clients are urged to review fully before applying. Morgan Stanley, its affiliates and Morgan Stanley Financial Advisors and employees are not in the business of providing tax or legal advice. Clients should speak with their tax advisor regarding the potential tax implications of the Rewards Program upon their specific circumstances.

American Express may share information about your Card Account with Morgan Stanley in support of Morgan Stanley programs and services. For information as to how Morgan Stanley will use your Card Account data please visit http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/mssb_privacynotice.pdf.

You will get one point for each dollar charged for an eligible purchase on your Platinum Card® from American Express. You will get 4 additional points (for a total of 5 points) for each dollar spent on eligible travel purchases made on amextravel.com. Eligible travel purchases include the following purchases made on amextravel.com: scheduled flights, prepaid hotel purchases (including hotels and flight+hotel packages), minus returns and other credits. Eligible travel purchases do NOT include non-prepaid hotel bookings, car rentals and cruises, hotel group reservations or events, ticketing service, cancellation or other fees, interest charges, purchases of travelers checks, purchases or reloading of prepaid cards, or purchases of other cash equivalents. To be eligible for the 5x Membership Rewards® points, you must both reserve and charge the travel purchase with the same eligible Platinum Card®. To modify a reservation, you must cancel and rebook your reservation. You can cancel and rebook your reservation on amextravel.com or by calling a representative of amextravel.com at 1-800-297-2977.

Cancellations are subject to hotel cancellation policies. If hotel reservations are made or modified directly with the hotel provider, the reservation will not be eligible for this 5X Membership Rewards® point benefit. Bonuses you may receive with your Card on other purchase categories or in connection with promotions or offers from American Express may not be combined with this benefit. Merchants are assigned codes based on what they primarily sell. A purchase will not qualify for additional points if the merchant's code is not eligible. The benefits associated with the Additional Card(s) you choose may be different than the benefits associated with your basic Card.

Your Platinum Card® from American Express will get 4 additional points (for a total of 5 points) on the first \$500,000 on eligible air purchases of scheduled flights made directly with a passenger airline or through American Express Travel (via the phone by calling 1-800-525-3355 or online via amextravel.com) per calendar year. See membershiprewards.com/terms for the Membership Rewards program terms

Obtain one (1) Additional Platinum Card for no additional annual fee. You can get up to the next three (3) Additional Platinum Cards for a total annual fee of \$175. Then, each Additional Platinum Card can be obtained for an annual fee of \$175. There is no annual fee for Additional Gold Cards. Additional Card Members must be at least 13 years of age and never have had a defaulted account with American Express.

The Centurion® Lounge: Morgan Stanley Platinum Card Members have unlimited complimentary access to all locations of The Centurion Lounge. Gold Card and Green Card Additional Cards on your Morgan Stanley Platinum Card account are not eligible for complimentary access. Card Members may bring up to two (2) companions into The Centurion Lounge. To access The Centurion Lounge, the Card Member must present The Centurion Lounge agent with the following upon each visit: his or her valid Card, a boarding pass showing a confirmed reservation for same-day travel on any carrier and a government issued I.D. Failure to present this documentation may result in access being denied. Card Members will not be compensated for changes in locations, rates or policies. A Card Member must be at least 18 years of age to enter without a parent or legal guardian. For locations with a self-service bar, the Card Member must be of legal drinking age in the location's jurisdiction to enter without a parent or legal guardian. Must be of legal drinking age to consume alcoholic beverages. Please drink responsibly. American Express reserves the right to remove any person from the Lounge for inappropriate behavior or failure to adhere to rules, including, but not limited to, conduct that is disruptive, abusive or violent. Access is subject to space availability. Hours may vary by location and are subject to change. Amenities vary among The Centurion Lounge locations and are subject to change. Services and amenities in the Lounge are complimentary, however you are responsible for any purchases and/or servicing charges you authorize our Member Services Professionals to perform on your behalf. Some American Express Cards are not eligible for all services provided by Member Services Desk. American Express will not be liable for any articles lost or stolen or damages suffered by the purchaser or visitor inside The Centurion Lounge. Use of The Centurion Lounge is subject to all rules and conditions set by American Express. American Express reserves the right to revise the rules at any time without notice.

Basic Card Members on a Consumer Platinum Card or Centurion account are eligible for Uber VIP and the monthly Amex Benefit ("Amex Benefit"). Additional Centurion Cards are also eligible for the Amex Benefit. To receive this benefit, you must have downloaded the Uber App version 3.363.10000 or later for iOS or version 4.274.10000 or later for Android and your eligible Platinum Card or Centurion Card must be a method of payment in your Uber account. If you are assigned a new Card number, you must update your method of payment in your Uber account. Cards added to your Uber account through a third party such as Apple Pay or PayPal will not be eligible. An eligible Platinum Card or Centurion Card may receive this benefit on one Uber account. If the same Card is added to multiple Uber accounts, only the first Uber account to which the Card is added will receive the benefit. It takes up to 24 hours for the Amex Benefit to be available in Uber Cash after your eligible Card has been added to your Uber account. Uber VIP is available in select cities and is governed by Uber's terms and conditions. The monthly Amex Benefit is found within your Uber Cash balance. In order to use the Amex Benefit, Uber Cash must be turned on. If Uber Cash is turned on when you request a ride, Uber Cash will appear above the confirmation button. If Uber Cash does not appear above the confirmation button, tap on the current payment option and turn on Uber Cash. The Amex Benefit may be applied to all Uber car types and on Uber Eats orders where Uber Cash can be applied. If your Amex Benefit in your Uber Cash balance does not satisfy the cost of your ride or order, the primary payment method on your Uber account will be charged for the difference. The Amex Benefit will not apply to previous Uber transactions and cannot be used when paying with an uberFAMILY profile. New and existing Uber users are eligible. Uber will apply the Amex Benefit at the point of sale and it will be displayed on your email receipt. There is no limit to the number of transactions you may apply your Amex Benefit to each month, up to a total of \$15 per month (up to a total of \$35 in December). The Amex Benefit in Uber Cash may only be applied within the United States. Your monthly Amex Benefit expires at 11:59 PM Hawaii Standard Time on the last day of each month. Unused balance in Uber Cash from your Amex Benefit will not carry over to the following month. Your Amex Benefit will be applied for the month in which the transaction is completed. If a transaction is eligible for another promotion that you have added to your Uber account, the promotion will be applied before your Amex Benefit. Certain other types of balances in Uber Cash may be applied to the cost of your ride or order prior to your Amex Benefit in Uber Cash. For purposes of fulfilling upon this benefit, American Express will share with Uber certain information about your Card, including the Card type, and updated Card information from time to time. If you do not wish to participate in this program, please call the number on the back of your Card. If you do not see the Amex Benefit in Uber Cash by 5:00 PM Hawaii Standard Time on first of the month, simply call the number on the back of your Card.

The CashPlus Account is a brokerage account offered through Morgan Stanley Smith Barney LLC. Conditions and restrictions apply. Please refer to the CashPlus Account Disclosure Statement at <https://www.morganstanley.com/wealthdisclosures/cashplusaccountdisclosurestatement.pdf>.

\$550 Annual Engagement Bonus for Platinum CashPlus accounts may be received if 1) you are the Basic Card Member of the Platinum Card from American Express Exclusively for Morgan Stanley (the Basic Card Member is defined as the primary account holder); or 2) you spend at least \$100,000 during the calendar year across Morgan Stanley Debit Cards associated with Platinum CashPlus Accounts in your ALG. Each ALG is only eligible for one bonus per calendar year. For more information please refer to the CashPlus Account Disclosure Statement.

The qualifying criteria to avoid the monthly account fee for all CashPlus Accounts in an Account Link Group (ALG) is: an additional eligible Morgan Stanley investment account (that may include additional fees), one Morgan Stanley Online enrollment; for Premier CashPlus account \$2,500 monthly deposit or \$25,000 Average BDP Daily Balance; for Platinum CashPlus account \$5,000 monthly deposit and \$25,000 Average BDP Daily Balance. For more information, please refer to the CashPlus Account Disclosure Statement at <https://www.morganstanley.com/wealth-disclosures/cashplusaccountdisclosurestatement.pdf>.

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CashPlus Accounts receive SIPC coverage for securities and free credit balances and cash swept into the Bank Deposit Program receives FDIC insurance, both up to applicable limits.

Securities Investor Protection Corporation ("SIPC") — Morgan Stanley Smith Barney LLC is a member of SIPC, which protects securities of its customers up to \$500,000 (including \$250,000 for claims for cash). Losses due to market fluctuation are not protected by SIPC. To obtain information about SIPC, including an explanatory SIPC brochure, contact SIPC at 1-202-371-8300 or visit www.sipc.org

Federal Deposit Insurance Corporation ("FDIC") — Cash balances swept into deposit accounts at participating banks in the Bank Deposit Program are protected by FDIC Insurance up to applicable FDIC limits. FDIC insurance is a federal government program administered by the Federal Deposit Insurance Corporation. This insurance covers bank deposits held in checking accounts, savings accounts, certificates of deposits and money market deposits (not money market funds). This insurance comes into play in the event of a bank failure and covers client cash up to a total of \$250,000 per bank, for each "insurable capacity" (e.g. each individual, joint, etc.). It does not cover investment products that are not deposits, such as mutual funds, annuities, life insurance policies, stocks or bonds. Refer to

<https://www.fdic.gov> for additional details.

The Active Assets Account is a brokerage account offered through Morgan Stanley Smith Barney LLC. Under the Bank Deposit Program, generally cash balances held in an account(s) at Morgan Stanley Smith Barney LLC are automatically deposited 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 Morgan Stanley Smith Barney LLC. Detailed information on federal deposit insurance coverage is available on the FDIC's website (<https://www.fdic.gov/deposit/deposits/>).

Under the Preferred Savings program ("Preferred Savings"), Morgan Stanley Smith Barney LLC makes available interest-bearing FDIC-insured deposit account(s) at Morgan Stanley Private Bank, National Association, a national bank, Member FDIC, and an affiliate of Morgan Stanley Smith Barney LLC. Deposits placed in Preferred Savings are eligible for FDIC insurance up to \$250,000 (including principal and interest) per depositor for all deposits held in the same insurable capacity (the Maximum Applicable Deposit Insurance Amount). All deposits held in the same insurable capacity will be aggregated for purposes of the Maximum Applicable Deposit Insurance Amount, including deposits maintained through the Bank Deposit Program. The client is responsible for monitoring the total amount held with the bank. The bank also reserves the right to offer promotional rates from time to time. Detailed information on federal deposit insurance coverage is available on the FDIC's website (<https://www.fdic.gov/deposit/deposits/>). The Preferred Savings program is not intended for clients who need to have frequent access to funds and those funds will not be automatically accessed to reduce a debit or margin loan in your brokerage account. Withdrawals from an account in Preferred Savings are limited to 10 transactions per calendar month, and any withdrawal or transfer over the limit in any one calendar month will be subject to an excess withdrawal fee.

Reserved clients are eligible for unlimited ATM fee rebates and Non-Reserved clients are eligible for up to \$200 in annual ATM fee rebates per calendar year. CashPlus clients receive unlimited ATM fee rebates worldwide. Daily withdrawal limits of \$1,500 to \$5,000 for ATMs and \$25,000 to \$50,000 for teller cash advances, depending upon tier. Unlike ATM fees that are rebated, Morgan Stanley will not reimburse fees that banks may charge for Debit Card cash advances.

While Morgan Stanley will always make transferred and deposited funds available immediately for investment purposes, we may not make all transferred or deposited funds immediately available for withdrawal. Funds deposited by check or funds transfer may be delayed depending on certain circumstances, such as dollar value, account status, etc., and could be held for up to six business days. Please contact your Financial Advisor or Private Wealth Advisor for additional information and/or review the Fund Availability Policy by signing into your Morgan Stanley Online account.

To review the Bank Deposit Program Disclosure Statement refer to https://www.morganstanley.com/wealth-investmentstrategies/pdf/BDP_disclosure.pdf

Mastercard benefits and full Debit Card terms and conditions can be found at <https://www.morganstanley.com/wealth/services/pdfs/debitcardstc.pdf>.

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PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. ACTUAL INDIVIDUAL ACCOUNT RESULTS WILL DIFFER FROM THE PERFORMANCE SHOWN IN THIS REPORT.

INVESTMENT DECISIONS: Do not use this report as the sole basis for investment decisions. Do not select an allocation, investment disciplines or investment managers/funds based on performance alone. Consider, in addition to performance results, other relevant information about each investment manager or fund, as well as matters such as your investment objectives, risk tolerance and investment time horizon.

SOURCE OF PERFORMANCE INFORMATION FOR INVESTMENT MANAGERS AVAILABLE IN CONSULTING AND EVALUATION SERVICES, FIDUCIARY SERVICES OR SELECT UMA: Each investment manager included in this report that participates in one or more of the Consulting and Evaluation Services, Fiduciary Services or Select UMA programs ("Programs") has a track record of investing assets in the relevant investment discipline. The investment manager's gross performance track record shown in this report consists of its gross performance in either the Morgan Stanley or the Smith Barney form of the Fiduciary Services program (if that investment manager is in the Fiduciary Services program) for periods for which sufficient data is available. If the strategy or similar strategies are available in both the Morgan Stanley and Smith Barney forms of the program, this profile presents the composite for the strategy that is closest to the strategy currently offered in the Fiduciary Services program. If both strategies are equally close, the profile shows the longer of the two composites. For other periods, the gross performance track record is provided by the investment manager and consists of accounts managed by the investment manager in the same or a similar investment discipline, whether at Morgan Stanley or elsewhere (and may include institutional accounts, retail accounts and/or pooled investment vehicles such as mutual funds).

There may be differences between the performance in the different forms of the Fiduciary Services program, in different Programs, and between the performance in Programs and performance outside the Programs, due to, among other things, investment and operational differences. For example:

- Institutional accounts included in related performance may hold more securities than the Program accounts, participate in initial public offerings (IPOs) and invest directly in foreign securities (rather than in ADRs).
- Mutual funds included in related performance may hold more securities than the Program accounts, may participate in IPOs, may engage in options and futures transactions, and are subject to certain regulatory limitations.
- Performance results in Select UMA accounts could differ from that in Fiduciary Services accounts because Select UMA accounts may hold fewer securities, and have automatic rebalancing, wash sale loss and tax harvesting features.

You should read the investment manager profile accompanying this report for each investment manager. The investment manager profile gives further details on the sources of performance information for a particular investment manager, as well as other calculations of the manager's performance returns (such as performance net of fees and expenses).

SOURCE OF PERFORMANCE INFORMATION FOR GLOBAL INVESTMENT SOLUTION STRATEGIES: In the Global Investment Solutions program, dedicated portfolio managers employed by Morgan Stanley or third party subadvisors make day-to-day investment decisions for clients' accounts invested in various investment strategies. The track record shown in this report for Global Investment Solutions strategies consists of the portfolio management team's gross performance in that strategy in the Global Investment Solutions program (or a predecessor program).

SOURCE OF PERFORMANCE INFORMATION FOR OTHER INVESTMENT MANAGERS: For any investment managers shown in this report that are not available in the Consulting and Evaluation Services, Fiduciary Services or Select UMA programs, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below. The gross performance shown in this report for these managers could differ materially from their gross performance in investment advisory programs offered by firms other than Morgan Stanley. If you have invested with any such manager through another firm, we recommend that you seek information from that firm on the manager's gross and net performance in its programs.

SOURCE OF PERFORMANCE INFORMATION FOR FUNDS: For any fund shown in this report, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See “Sources of Information” below.

BENCHMARK INDICES: Depending on the composition of your account and your investment objectives, the indices shown in this report may not be appropriate measures for comparison purposes and are therefore presented for illustration only. The indices used in this report may not be the same indices used for comparative purposes in the profile for each investment manager, mutual fund and/or ETF that accompanies this report. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Performance of selected indices may be more or less volatile than that of any investment manager/fund shown in this report. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

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Commodities - Precious Metals: The prices of Commodities - Precious Metals tend to fluctuate widely and in an unpredictable manner, and have historically experienced extended periods of flat or declining prices. The prices of Commodities - Precious Metals are affected by several factors, including global supply and demand, investors' expectations with respect to the rate of inflation, currency exchange rates, interest rates, investment and trading activities of hedge funds and commodity funds, and global or regional political, economic or financial events and situations.

Fixed Income: Fixed income securities are subject to certain inherent risks such as credit risk, reinvestment risk, call risk, and interest rate risk. Fixed income securities are sensitive to changes in prevailing interest rates. When interest rates rise, the value of fixed income securities generally declines. Accordingly, managers or funds that invest in fixed income securities are subject to interest rate risk and portfolio values can decline in value as interest rates rise and an investor can lose principal.

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Preferred Securities: Preferred securities are generally subject to the same risks as apply to fixed income securities. (See “Fixed Income.”) However, preferred securities (especially equity preferred securities) may rank below traditional forms of debt for the purposes of repayment in the event of bankruptcy. Many preferred securities are “callable” meaning that the issuer may retire the securities at specific prices and dates prior to maturity. If a preferred security is called, the investor bears the risk of reinvesting proceeds at a potentially lower return. Investors may not receive regular distributions on preferred securities. For example, dividends on equity preferred securities may only be declarable in the discretion of the issuer's board and may not be cumulative. Similarly, interest payments on certain debt preferred securities may be deferred by the issuer for periods of up to 10 years or more, in which case the investor would still have income tax liability even though payments would not have been received.

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

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Managed Futures: Involve a high degree of risk, often involve leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies whose interests (limited partnership or limited liability company units) are generally traded on securities exchanges like shares of common stock. Investment in MLPs entails different risks, including tax risks, than is the case for other types of investments. Currently, most MLPs operate in the energy, natural resources or real estate sectors and are subject to the risks generally applicable to companies in those sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Depending on the ownership vehicle, MLP interests are subject to varying tax treatment.

ALPHA: Synonym of 'value added', linearly similar to the way beta is computed, alpha is the incremental return on a portfolio when the market is stationary. In other words, it is the extra expected return due to non-market factors. This risk-adjusted measurement takes into account both the performance of the market as a whole and the volatility of the portfolio. A positive alpha indicates that a portfolio has produced returns above the expected level at that level of risk, and vice versa for a negative alpha.

ANNUALIZED RETURN: The constant rate of return that, compounded annually, would yield the same overall return for a period of more than one year as the actual return observed for that period.

ANNUALIZED EXCESS RETURN: Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Annualized excess return is calculated by taking the annualized return of the original series and forming the difference between the two. A positive annualized excess return implies that the manager outperformed the benchmark over the time period shown.

BEST AND WORST PERIOD RETURNS: The best period return for a time window is simply the maximum of the returns for that period inside this window. Similarly, the worst period return for a time window is the minimum of the returns for that period inside this window. To calculate the best one-year return for a return series, the program moves a one-year time window along the series and calculates the compound return for each of these windows. The best one-year return is the maximum of the returns thus found. Similarly, the worst one-year return is the minimum of the returns thus found. Therefore, best and worst one-year returns do not refer to calendar years.

BETA: The measure of a portfolio's risk in relation to the market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a portfolio with a beta of 1.5 will have moved, on average, 1.5 times the market return. According to asset pricing theory, beta represents the type of risk, systematic risk, which cannot be diversified away. When using beta, there are a number of issues that you need to be aware of: (1) betas may change through time; (2) betas may be different depending on the direction of the market (i.e. betas may be greater for down moves in the market rather than up moves); (3) the estimated beta will be biased if the portfolio does not frequently trade; and (4) the beta is not necessarily a complete measure of risk (you may need multiple betas). Also, note that the beta is a measure of co movement, not volatility. It is possible for a security to have a zero beta and higher volatility than the market.

CORRELATION: Statistical method to measure how closely related the variances of two series are. Assets that are highly correlated would be expected to react in similar ways to changing market conditions.

CUMULATIVE RETURN: The total return on an investment over a specified time period.

CUMULATIVE EXCESS RETURN: Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Cumulative excess return is calculated by taking the cumulative return of the original series and forming the difference between the two. A positive cumulative excess return implies that the manager outperformed the benchmark over the time period shown.

DOWNSIDE CAPTURE RATIO: For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio's benchmark index had negative returns and then (2) for those quarters, dividing the portfolio's annualized net performance by the benchmark index's performance. For investors, the lower the downside capture ratio, the better. For example, a downside capture ratio of 90% means that the portfolio's losses were only 90% of the market's losses (as represented by the benchmark index).

DOWNSIDE DEVIATION: Similar to Standard Deviation, but Downside Deviation captures the range of expected returns only on the down side [when the returns fall below the minimum acceptable return (MAR)].

DRAWDOWN (MAXIMUM DRAWDOWN): The Maximum loss (compounded, not annualized) that the manager incurred during any sub-period of the time period shown.

DRAWDOWN BEGIN DATE: the first date of the sub-period used to calculate the maximum drawdown

DRAWDOWN END DATE: The last date of the sub period used to calculate the maximum drawdown

DRAWDOWN LENGTH: The number of periods (months or quarters depending on the periodicity of the data) the sub-period used to calculate the maximum drawdown

DRAWDOWN RECOVERY DATE: Date at which the compounded returns regain the peak level that was reached before the drawdown began

DRAWDOWN RECOVERY LENGTH: Number of periods it takes to reach the recovery level from maximum drawdown end date

EXCESS RETURN: The difference between the returns of two portfolios. Usually excess return is the difference between a portfolio's return and the return of a benchmark for that portfolio.

GAIN TO LOSS RATIO: Divides the average gain in an up period by the average loss in a down period. A higher Gain to Loss Ratio is more favorable.

HIGH WATER MARK: The High Water Mark represents the peak level of the manager's return, as represented by the peak of the cumulative return series.

HIGH WATER MARK DATE: The date which the High Water Mark was reached.

UNDER WATER LOSS: Loss incurred between the high water mark date and the end of the period analyzed

UNDER WATER LENGTH: Length of the time interval that begins with the high water mark and ends with the analysis period

TO HIGH WATER MARK: The percentage of gain that the manager/fund needs to regain the peak level of the cumulative return series

INFORMATION RATIO: Measures the active return of the manager divided by the manager's active risk. Active return is the annualized differences of the manager and the benchmark index, while active risk is measured by tracking error. The higher the information ratio, the better. An information ratio of 0 implies that a manager/fund (or benchmark index, if applicable) has provided a return that is equivalent to the risk of the benchmark return.

MAR: Stands for "Minimum Acceptable Return." This represents the lowest return possible that could be considered a successful result of the investment. In most cases, the MAR will either be defined as 0 (meaning no negative return) or as the return of a cash benchmark (meaning the investment had a higher return than simply keeping the investment amount in the relatively safe investment of money market funds). Please refer to the specific chart/statistic to see the specific MAR used in the illustration.

MANAGER STYLE (RETURNS BASED STYLE ANALYSIS): A measure for analyzing the style of a portfolio's returns when compared with the quarterly returns on a number of selected style indices (the "Style Basis"). These style indices represent distinct investment styles or asset classes such as large cap value, large cap growth, small cap growth, small cap value, government bonds, or cash equivalents asset classes. Style analysis uses a calculation procedure that finds the combination of selected indices that best tracks (i.e. that has the highest correlation to) a given manager's return series. This allows the advisor to capture an accurate picture of the investment style of the manager without viewing the underlying holdings.

OMEGA: A measure of volatility designed to capture the entire return distribution (useful for investments that do not have normal return distributions), the Omega is tied to a MAR (see above) and shows the ratio of the entire upside performance to the entire downside, with the MAR representing the dividing line between upside and downside. (e.g. If MAR = 0.00%, any positive return is captured in the upside and any negative return is captured in the downside).

PAIN INDEX: Represents the frequency, the depth, and the width of the manager/fund's drawdowns. The Pain Index captures the information for every period in which the manager/fund is negative. A higher Pain Index indicates that the manager/fund had a more negative result when considering not just the depth (lowest return) but also the frequency of negative returns (frequency) and the amount of time that the return remained negative (width).

PAIN RATIO: A risk/return ratio which uses the Pain Index as the measure of risk. The higher the Pain Ratio, the better the risk-adjusted return of the portfolio.

ROLLING WINDOW: Indicates that the chart or statistic was evaluated using periodic smaller windows of data on a rolling basis. As an example, a 20 Quarter Rolling Window (Annual Roll) over a 10 year period indicates that 5 year (20 quarter) periods of time were evaluated from the start date, moving forward one year at a time, for the duration of the 10 year period, resulting in 5 "windows". Evaluating data this way allows us to remove end point bias and determine a measure of consistency in performance.

R-SQUARED: Used to show how much of a portfolio's variability can be accounted for by the market. For example, if a portfolio's R-Squared is 0.79, then 79% of the portfolio's variability is due to market conditions. As R-Squared approaches 100%, the portfolio is more closely correlated with the market.

SHARPE RATIO: Developed by William F. Sharpe, this calculation measures a ratio of return to volatility. It is useful in comparing two portfolios or stocks in terms of risk-adjusted return. The higher the Sharpe Ratio, the better the risk-adjusted return of the portfolio. It is calculated by first subtracting the risk free rate (Citigroup 3-month T-bill) from the return of the portfolio, then dividing by the standard deviation of the portfolio. Using Sharpe ratios to compare and select among investment alternatives can be difficult because the measure of risk (standard deviation) penalizes portfolios for positive upside returns as much as the undesirable downside returns.

SINGLE COMPUTATION: For a single computation chart, StyleADVISOR calculates the information over the entire time period shown as a single data point. AS an example, in a chart showing 10 years of performance, a “Single Computation” would represent the statistic shown over the entire 10 year window.

STANDARD DEVIATION: A statistical measure of the degree to which the performance of a portfolio varies from its average performance during a specified period. The higher the standard deviation, the greater the volatility of the portfolio's performance returns relative to its average return. A portfolio's returns can be expected to fall within plus or minus one standard deviation, relative to its average return, two-thirds of the time, and fall within plus or minus two standard deviations relative to its average return, 95% of the time. For example, if a portfolio had a return of 5% and a standard deviation of 13% then, if future volatility of returns is similar to historical volatility (which may not be the case):

- About two-thirds of the time, the future returns could be expected to fall between -8% and 18% (being 5% +/- 13%)
- About 95% of the time, the future returns could be expected to fall between -21% and 31% (being 5% +/- 26%).

In performance measurement, it is generally assumed that a larger standard deviation means that great risk was taken to achieve the return.

STYLE BASIS: A set of indices that represent the broad asset category being utilized. The Style Basis is used in the equation that calculates the Manager Style (see definition). The “Manager Style” chart shows the specific benchmarks utilized in the Style Basis. The following Style Bases would be appropriate for the asset classes shown below:

- Domestic Equity: Russell Generic Corners; Russell 6 Way Style basis; S&P Pure Style Basis
- International Equity: MSCI Regional Style Basis; MSCI World Ex USA Style Basis; MSCI International Equity Style Basis; S&P Regional International Indexes, S&P International 4 Way Style Basis
- Global Equity: MSCI World Style Basis; MSCI World Regional Indexes; MSCI Global Equity Style Basis
- Fixed income: Citigroup Corporate Bond Indexes; BofA Merrill Lynch Fixed Income Indexes; Citigroup Govt Fixed Income Indexes; Global Bond Indexes

STYLE BENCHMARK: A unique benchmark calculated for each manager/fund based on the Returns Based Style Analysis described above. The “Asset Allocation” chart in Zephyr shows the specific weightings used for the Style Benchmark for each manager or fund.

TRACKING ERROR: A measurement that indicates the standard deviation of the difference between a selected market index and a portfolio’s returns. The portfolio’s returns are then compared to the index’s returns to determine the amount of excess return, which produces a tracking error. A low tracking error indicates that the portfolio is tracking the selected index closely or has roughly the same returns as the index.

UPSIDE CAPTURE RATIO: For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio’s benchmark index had positive returns and then (2) for those quarters, dividing the portfolio’s annualized net performance by the benchmark index’s performance. A percentage less than 100% indicates that the portfolio “captured” less performance than the benchmark index, while a percentage greater than 100% indicates the portfolio captured more performance than the benchmark index. For investors, the higher the upside capture ratio, the better. For example, if the annualized performance of an benchmark index during “up” markets (when its returns were zero or positive) is 20.8% and the portfolio’s annualized performance during the same period is 16.8%, then the portfolio’s upside capture ratio is $16.8\%/20.8\% = 80.7\%$, meaning the portfolio “captured” 80.7% of the upside performance of the index. Stated another way, the portfolio in this example performed almost 20% worse than the market during up periods.

VARIANCE: A measure of how spread out a distribution is. It is computed as the average squared deviation of each number from its mean.

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For index, indicator and survey definitions referenced in this report please visit the following:

<https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

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US Economics | North America

Inflation Outlook: Higher Highs, Higher Lows

We have upwardly revised our inflation forecasts this year and expect the Fed to follow suit at its March 15-16 meeting. The median dot moves substantially to as high as 1.625% in 2022. Front-loaded inflation is met with intention to front-load hikes. Shallower rates path and QT follow mid-year.

Key Takeaways

- A combination of factors have led us to revise our forecast profile for inflation for 2022. The revisions reflect three key areas of new information: a mark-to-market for higher inflation at the start of the year, updated component weights reflected in the latest CPI data, as well as a firmer path for shelter inflation resulting from continued pressures in rental markets.
- We forecast headline CPI inflation to peak in February at 7.9%Y. Core CPI inflation will also peak in February at 6.4%. We forecast headline PCE inflation will peak at 6.2% in February, while core PCE inflation peaks in February as well at 5.3%. Beyond the 1Q peak in inflation, our forecast continues to see easing goods prices as the primary factor leading inflation lower. Early evidence is starting to appear, in both high frequency data on auto prices and our broader global supply chain index, which continue to point toward a turn in the goods inflationary impulse. As a consequence, we continue to see sequential declines in goods prices helping to bring down the sequential trend in overall inflation.
- Inflation is on course to remain elevated on a 12-month basis through much of this year, highlighting the importance of following nearer-term inflation trends. For example, core PCE inflation in our forecast comes in at 4.0%Y in June 2022, but 3-month annualized core PCE inflation will be running well below that at 2.6%.
- We now see 4Q/4Q core PCE inflation at 3.2% in 2022 compared to the 2.7% median from the FOMC's December projections. We expect a material upward revision of inflation in the upcoming March projections, which should be accompanied by a similar revision in the policy path from a median of 0.875% to as high as 1.625% – front-loaded inflation to be met with the intention to front-load hikes.

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For important disclosures, refer to the Disclosure Section, located at the end of this report.

US Economics

Refreshing the Inflation Outlook

The consumer price index (CPI) for January came in above expectations, with firm inflationary pressures continuing into the new year (see [US Economics: CPI \(10 Feb 2022\)](#)). The core CPI is now up 6.0% from a year ago, and we preliminarily see the core PCE inflation measure, to be released at the end of February, on track to reach 5.2%. Both measures, in our forecasts, remain on course to reach peaks in 1Q22 before beginning to glide lower in 2Q.

The slope of that path off of the peak for inflation remains the key question, and while we continue to see inflation sequentially cooling over the year, multiple factors lead us to revise our inflation forecast profile for 2022. Our revisions reflect new information on three fronts: (1) a mark-to-market for higher inflation at the start of the year, (2) updated component weights reflected in the latest CPI data, and (3) a firmer path for shelter inflation resulting from apparent pressures in rental markets that are not abating.

Tracking the Peak for Inflation

Based on new information, we start by marking up our expected peaks for inflation this year. We now project that headline CPI inflation will peak in February at 7.9%Y before beginning to move lower in March; we project core CPI inflation will also peak in February at 6.4%, remaining at that level in March before moving off the peak in April.

Regarding PCE inflation, we now project that headline PCE inflation will peak at 6.2% in February, and begin to ease in March; we project core PCE inflation will also peak in February, at 5.3%, and start to decline in March ([Exhibit 1](#)).

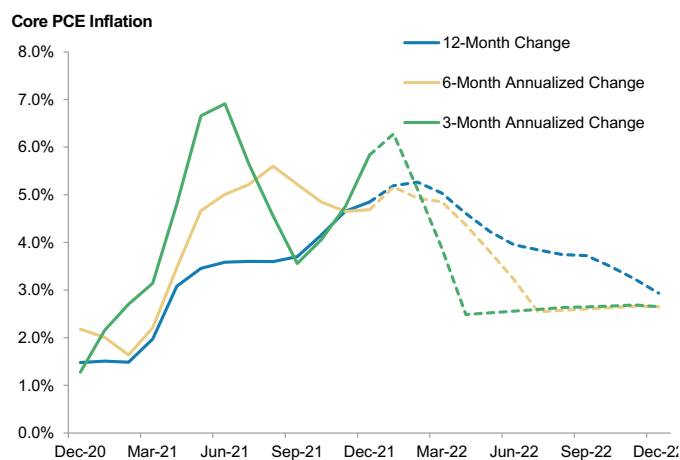
The Path After the Peak

Beyond the 1Q peak in inflation, our forecast continues to see easing goods prices as a major factor leading inflation lower. We have seen very early indications that this is starting to play out, in both high frequency data on auto prices and our broader supply chain index, which together have continued to point toward a turn in the goods inflationary impulse ([Exhibit 2](#)). We therefore continue to see sequential declines in goods prices helping to bring down the sequential trend in overall inflation. For example, rising core goods prices contributed nearly 0.3pp to the 0.6% increase in core CPI inflation in January, but we expect the contribution to turn negative in the second quarter and shrink more meaningfully thereafter, with core goods shaving 6bp off of monthly core CPI inflation in 2H22 in our forecast.

Even with this material swing, **inflation remains on course to stay elevated on a 12-month basis through much of this year.** Because that largely reflects elevated monthly readings in data from the past, we continue to stress the importance of nearer-term inflation trends, for example through monthly or 3-month annualized rates. And on that

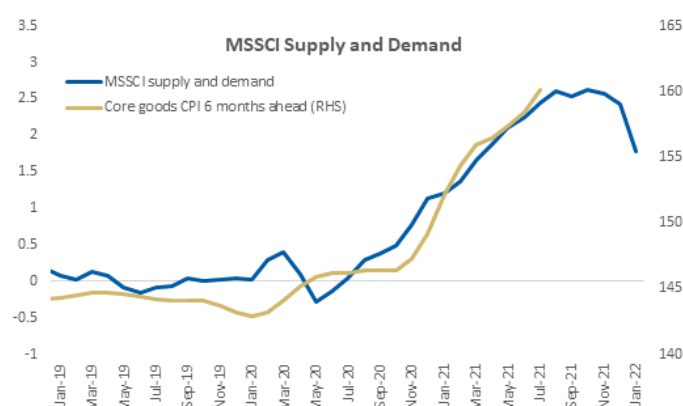
basis, our forecasts continue to show a material slowing. Our baseline forecast sees 3-month annualized inflation moving down materially ahead of 12-month inflation. For example, core PCE inflation in our forecast comes in at 4.0% year-over-year in June 2022, but at that point we expect the sequential trend will have slowed, with 3-month annualized core PCE inflation running much lower at 2.6%.

Exhibit 1: Projected Trajectory for Core PCE Inflation This Year



Source: Bureau of Economic Analysis, Morgan Stanley Research

Exhibit 2: Goods Price Declines Help Lead Inflation Off Peaks



Source: Bureau of Labor Statistics, Morgan Stanley Research

We have also adjusted our forecasted path for shelter inflation, following further indications that rent inflation remains on a firm trajectory. We are forecasting a 5.4% rise in rent inflation this year, which means that while easing goods prices will begin to cool inflation, underlying support is likely to keep it above 2%.

Our refreshed forecasts now show 4Q/4Q core PCE inflation at 3.2% this year versus the median from the FOMC's December projections of 2.7%. Chair Powell already indicated at the January FOMC press conference that he would likely revise up his own inflation forecast by a few tenths, and as such we expect the FOMC median forecast for core PCE inflation in 2022 is likely to drift in the direction of our expectation at the upcoming March meeting.

We have not materially changed our forecasted inflation path for 2023, where we continue to see core PCE inflation slowing toward 2%. We see 2023 4Q/4Q core PCE inflation running at 2.1%, with the December 2023 print at an even 2.0% in our forecast. Exhibits in the appendix to this note detail our monthly forecast profile ([see Full Inflation Forecast Profile](#)).

A Persistently Large Wedge

We continue to see a large wedge between the CPI and PCE measures of inflation this year. Our forecasts imply this wedge is now likely to end the year with core PCE inflation running 0.9pp below core CPI inflation, and headline PCE inflation 0.7pp below headline CPI inflation. That's slightly lower than our prior forecast, but its still amounts to an historically wide gap (see [US Economics: The Core PCE-CPI Inflation Wedge Is Widening \(7 Feb 2022\)](#)).

Implications for the FOMC

In 2022, we now see 4Q/4Q core PCE inflation at 3.2%, which compares to the median from the FOMC's December projections at 2.7%. We expect a material upward revision of inflation in the upcoming March meeting projections, which should be accompanied by a material upward revision in the path for policy, from a median of 0.875% to as high as 1.625%. Front-loaded inflation is likely to be met with the intention to front-load hikes. Balance sheet runoff follows mid-year.

The Fed's job has gotten harder, not easier, as it approaches liftoff. To be sure, the question of timing has been answered – Chair Powell and his counterparts have all but confirmed a rate hike at the upcoming March 15-16 meeting of the FOMC. There also appears to be consensus on using the balance sheet more aggressively in this cycle, which we read as earlier and faster runoff, allowing for a somewhat shallower path for rate hikes. And there is a general recognition that front-loading rate hikes while inflation is at its highest, then flattening out the path when inflation is falling, could be desirable.

Where consensus has been lacking is on the magnitude of hikes, particularly at the start of the hiking cycle in March. Lately, the voices arguing against a 50bp hike in March have outnumbered those arguing in favor. But markets are now pricing pretty close to certainty of a 50bp start to the hiking cycle, 100bp in hikes in the first half of the year, and nearly a 20% chance that more than one of the Fed's early hikes would be 50bp in magnitude. While market expectations may be more hawkish than the Fed, the new inflation data and its implications make it easier for the Fed to see an open door and walk through it.

A Fed that aims to be **nimble** is also one that may find communicating its intent more difficult and therefore is being deliberately vague to maintain ultimate flexibility. Chair Powell gets his opportunity to agree or disagree with market pricing during his Semiannual Monetary Policy Report to the Congress (also known as the Humphrey-Hawkins testimony). This report generally comes in February and July each year, but a crowded Congressional calendar risks pushing Powell's testimony into March, not long before the blackout period for the March FOMC meeting.

Based on the data flow we expect, it is unlikely that incoming data alone would lead market expectations for a 50bp hike downward organically. Indeed, though we are still getting some weaker data marred by high inflation and Omicron, which has dragged down 1Q GDP tracking to just 0.95%, we expect the data to improve as we move further toward 2Q. Financial conditions have also remained supportive. Following the upward surprise in January CPI, financial conditions were hardly changed compared with the January FOMC.

So if pushback on market pricing is not going to come from the economic data, it has to come from Fed communication. But Fed communication may have already done its job. Over the last two weeks we heard from a range of policymakers, including Chair Powell, who stressed that all policy options were on the table and the data would guide their decision making. In the time since those comments, new data on labor market conditions have been incredibly positive, and inflation higher than anticipated, so a hawkish market reaction makes sense in that context, and Chair Powell has also stressed that when the Fed is effectively communicating with markets and the public, financial conditions reflect "in advance" the decisions the FOMC makes. The question is whether Chair Powell will have an appetite against the current backdrop of data and financial conditions to suggest the market has perceived the Fed too hawkishly, and we think it's increasingly

likely he will not.

Full Inflation Forecast Profile

Exhibit 3: Inflation Outlook - 12M Basis

	% Change - Year-over-Year			
	Headline PCE	Core PCE	Headline CPI	Core CPI
Jan-21	1.4	1.5	1.4	1.4
Feb-21	1.6	1.5	1.7	1.3
Mar-21	2.5	2.0	2.6	1.6
Apr-21	3.6	3.1	4.2	3.0
May-21	4.0	3.5	5.0	3.8
Jun-21	4.0	3.6	5.4	4.5
Jul-21	4.2	3.6	5.4	4.3
Aug-21	4.2	3.6	5.3	4.0
Sep-21	4.4	3.7	5.4	4.0
Oct-21	5.1	4.2	6.2	4.6
Nov-21	5.7	4.7	6.8	4.9
Dec-21	5.8	4.9	7.0	5.5
Jan-22	6.1	5.2	7.5	6.0
Feb-22	6.2	5.3	7.9	6.4
Mar-22	5.9	5.0	7.5	6.4
Apr-22	5.4	4.6	7.0	5.8
May-22	5.0	4.2	6.4	5.3
Jun-22	4.7	4.0	5.8	4.8
Jul-22	4.4	3.8	5.5	4.7
Aug-22	4.3	3.7	5.4	4.8
Sep-22	4.1	3.7	5.2	4.8
Oct-22	3.5	3.5	4.4	4.5
Nov-22	3.1	3.2	3.9	4.2
Dec-22	2.9	2.9	3.6	3.9
Jan-23	2.4	2.6	3.1	3.5
Feb-23	2.2	2.5	2.6	3.2
Mar-23	2.1	2.5	2.6	3.1
Apr-23	2.1	2.4	2.5	3.0
May-23	2.0	2.3	2.4	3.0
Jun-23	2.0	2.3	2.4	2.9
Jul-23	2.0	2.2	2.4	2.8
Aug-23	1.9	2.2	2.3	2.8
Sep-23	1.9	2.1	2.3	2.7
Oct-23	1.9	2.1	2.3	2.6
Nov-23	1.8	2.1	2.2	2.6
Dec-23	1.8	2.0	2.2	2.6

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Morgan Stanley Research

Exhibit 4: Inflation Outlook - 1M Basis

	% Change - Month-over-Month			
	Headline PCE	Core PCE	Headline CPI	Core CPI
Jan-21	0.31	0.22	0.24	0.05
Feb-21	0.27	0.13	0.44	0.15
Mar-21	0.57	0.42	0.64	0.30
Apr-21	0.57	0.62	0.64	0.86
May-21	0.53	0.57	0.70	0.75
Jun-21	0.54	0.48	0.88	0.80
Jul-21	0.40	0.32	0.45	0.31
Aug-21	0.38	0.31	0.33	0.18
Sep-21	0.35	0.24	0.41	0.25
Oct-21	0.65	0.44	0.87	0.60
Nov-21	0.63	0.48	0.70	0.52
Dec-21	0.45	0.50	0.58	0.56
Jan-22	0.60	0.55	0.65	0.58
Feb-22	0.40	0.20	0.74	0.50
Mar-22	0.24	0.20	0.34	0.29
Apr-22	0.15	0.21	0.19	0.29
May-22	0.11	0.21	0.12	0.29
Jun-22	0.25	0.21	0.33	0.29
Jul-22	0.14	0.22	0.15	0.26
Aug-22	0.22	0.22	0.26	0.26
Sep-22	0.19	0.22	0.21	0.25
Oct-22	0.12	0.22	0.10	0.25
Nov-22	0.19	0.23	0.20	0.25
Dec-22	0.23	0.21	0.28	0.25
Jan-23	0.17	0.22	0.19	0.27
Feb-23	0.15	0.13	0.23	0.21
Mar-23	0.20	0.14	0.30	0.21
Apr-23	0.09	0.15	0.12	0.20
May-23	0.06	0.15	0.06	0.21
Jun-23	0.21	0.16	0.28	0.21
Jul-23	0.10	0.17	0.11	0.21
Aug-23	0.18	0.17	0.22	0.21
Sep-23	0.16	0.17	0.18	0.20
Oct-23	0.09	0.18	0.08	0.20
Nov-23	0.16	0.18	0.17	0.20
Dec-23	0.22	0.19	0.27	0.23

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Morgan Stanley Research

Exhibit 5: Inflation Outlook - 3M Annualized Basis

	% Change - 3M Annualized			
	Headline PCE	Core PCE	Headline CPI	Core CPI
Jan-21	2.9	2.2	2.9	1.2
Feb-21	4.0	2.7	4.1	1.1
Mar-21	4.7	3.1	5.4	2.0
Apr-21	5.8	4.8	7.1	5.4
May-21	6.9	6.7	8.2	7.9
Jun-21	6.8	6.9	9.3	10.1
Jul-21	6.0	5.6	8.4	7.7
Aug-21	5.4	4.6	6.9	5.3
Sep-21	4.6	3.6	4.9	3.0
Oct-21	5.7	4.1	6.6	4.2
Nov-21	6.7	4.8	8.2	5.7
Dec-21	7.1	5.8	8.9	7.0
Jan-22	6.9	6.3	8.0	6.9
Feb-22	6.0	5.1	8.1	6.8
Mar-22	5.1	3.9	7.1	5.6
Apr-22	3.2	2.5	5.2	4.4
May-22	2.0	2.5	2.6	3.6
Jun-22	2.0	2.6	2.6	3.6
Jul-22	2.0	2.6	2.4	3.5
Aug-22	2.5	2.6	3.0	3.3
Sep-22	2.2	2.6	2.5	3.2
Oct-22	2.1	2.7	2.3	3.1
Nov-22	2.0	2.7	2.1	3.1
Dec-22	2.2	2.7	2.3	3.1
Jan-23	2.4	2.6	2.7	3.1
Feb-23	2.2	2.3	2.8	2.9
Mar-23	2.1	2.0	2.9	2.8
Apr-23	1.8	1.7	2.6	2.5
May-23	1.4	1.8	1.9	2.5
Jun-23	1.5	1.9	1.9	2.5
Jul-23	1.5	1.9	1.8	2.5
Aug-23	2.0	2.0	2.5	2.5
Sep-23	1.8	2.1	2.1	2.5
Oct-23	1.8	2.1	1.9	2.5
Nov-23	1.7	2.2	1.7	2.4
Dec-23	1.9	2.2	2.1	2.6

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Morgan Stanley Research

Exhibit 6: Inflation Outlook - 6M Annualized Basis

	% Change - 6M Annualized			
	Headline PCE	Core PCE	Headline CPI	Core CPI
Jan-21	2.4	2.0	2.9	1.9
Feb-21	2.4	1.6	2.9	1.4
Mar-21	3.2	2.2	3.8	1.6
Apr-21	4.3	3.5	5.0	3.2
May-21	5.4	4.7	6.1	4.4
Jun-21	5.7	5.0	7.3	6.0
Jul-21	5.9	5.2	7.8	6.5
Aug-21	6.1	5.6	7.5	6.6
Sep-21	5.7	5.2	7.1	6.5
Oct-21	5.8	4.8	7.5	6.0
Nov-21	6.0	4.7	7.5	5.5
Dec-21	5.8	4.7	6.9	5.0
Jan-22	6.3	5.2	7.3	5.6
Feb-22	6.3	4.9	8.2	6.2
Mar-22	6.1	4.9	8.0	6.3
Apr-22	5.0	4.4	6.6	5.6
May-22	4.0	3.8	5.3	5.2
Jun-22	3.5	3.2	4.8	4.6
Jul-22	2.6	2.5	3.8	3.9
Aug-22	2.2	2.6	2.8	3.5
Sep-22	2.1	2.6	2.5	3.4
Oct-22	2.1	2.6	2.3	3.3
Nov-22	2.2	2.7	2.5	3.2
Dec-22	2.2	2.7	2.4	3.1
Jan-23	2.3	2.7	2.5	3.1
Feb-23	2.1	2.5	2.4	3.0
Mar-23	2.1	2.3	2.6	2.9
Apr-23	2.1	2.2	2.7	2.8
May-23	1.8	2.0	2.4	2.7
Jun-23	1.8	1.9	2.4	2.6
Jul-23	1.7	1.8	2.2	2.5
Aug-23	1.7	1.9	2.2	2.5
Sep-23	1.6	2.0	2.0	2.5
Oct-23	1.6	2.0	1.9	2.5
Nov-23	1.8	2.1	2.1	2.5
Dec-23	1.9	2.1	2.1	2.5

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Morgan Stanley Research

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Financial Performance Review

January 2022

Augustine Lopez
Chief Financial Officer



Consolidated Financial Summary

For the Month of January 2022

Profit/Loss Statement

\$ in Millions	For the Month of January 2022				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 59.4	\$ 53.2	\$ 6.2	11.7%	
Operating Expense	\$ 55.0	\$ 52.3	\$ (2.7)	-5.2%	
Income from Operations*	\$ 4.4	\$ 0.9	\$ 3.5	388.9%	
<i>Operating Margin %</i>	7.3%	1.8%	5.5%	305.56%	
Non Operating Income**	\$ (2.0)	\$ 1.1	\$ (3.1)	-281.8%	
Net Income	\$ 2.4	\$ 2.0	\$ 0.4	20.0%	
<i>Net Income Margin %</i>	4.0%	3.9%	0.1%	2.6%	

*** Income from Operations includes:**

\$1.9M AB113 Intergovernmental Transfer Payment (FY 20-21)

\$1.9M Total Normalizing Items, Net

**Non-operating income was below budget predominately due to mark-to-market adjustments in investment portfolios.

Consolidated Financial Summary

For the Month of January 2022 - Normalized

Profit/Loss Statement

\$ in Millions	For the Month of January 2022					
			Variance fav (unfav)			
	Actual	Budget	\$VAR	%VAR		
Operating Revenue	\$ 57.5	\$ 53.2	\$ 4.3	8.1%		
Operating Expense	\$ 55.0	\$ 52.3	\$ (2.7)	-5.2%		
Income from Operations	\$ 2.5	\$ 0.9	\$ 1.6	177.8%		
<i>Operating Margin %</i>	4.2%	1.8%	2.4%	133.3%		
Non Operating Income	\$ (2.0)	\$ 1.1	\$ (3.1)	-281.8%		
Net Income	\$ 0.5	\$ 2.0	\$ (1.5)	-75.0%		
<i>Net Income Margin %</i>	0.8%	3.9%	-3.1%	-79.5%		

Operating Performance highlights:

- Total Net Revenues were \$4.3M (8%) above budget
- Admissions and ADC were above budget by 10% and 12%, respectively
- The average revenue collection rate was 3% favorable to budget

The above was partially offset by the following:

- Payor mix – Commercial Insurance was 11% below budget
- OP volume was below by 15%
- The Contract labor was at a record high at \$2.8M coupled with high utilization of overtime which was needed to support the dramatic increase in COVID patient activity and acuity.

Consolidated Financial Summary

Year-to-Date January 2022

Profit/Loss Statement

\$ in Millions	FY 2022 YTD January				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 399.1	\$ 369.5	\$ 29.6	8.0%	
Operating Expense	\$ 368.6	\$ 361.6	\$ (7.0)	-1.9%	
Income from Operations*	\$ 30.5	\$ 7.9	\$ 22.6	286.1%	
Operating Margin %	7.6%	2.1%	5.5%	261.9%	
Non Operating Income**	\$ 3.0	\$ 7.6	\$ (4.6)	-60.5%	
Net Income	\$ 33.5	\$ 15.5	\$ 18.0	116.1%	
Net Income Margin %	8.4%	4.2%	4.2%	100.0%	

*** Income from Operations includes:**

\$1.9M AB113 Intergovernmental Transfer Payment (FY 20-21)

<\$1.0M> Medi-Cal Cost Report Final Settlement (FY18)

\$0.5M AB113 Intergovernmental Transfer Payment (FY 19-20)

**** Non Operating Income includes:**

\$1.1M Doctors on Duty Forgiven Paycheck Protection Program Loan

\$2.5M Total Normalizing Items, Net

Consolidated Financial Summary

Year-to-Date December 2021 - Normalized

Profit/Loss Statement

\$ in Millions	FY 2022 YTD January				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 397.7	\$ 369.5	\$ 28.2	7.6%	
Operating Expense	\$ 368.6	\$ 361.6	\$ (7.0)	-1.9%	
Income from Operations	\$ 29.1	\$ 7.9	\$ 21.2	268.4%	
<i>Operating Margin %</i>	7.3%	2.1%	5.2%	247.6%	
Non Operating Income	\$ 1.9	\$ 7.6	\$ (5.7)	-75.0%	
Net Income	\$ 31.0	\$ 15.5	\$ 15.5	100.0%	
<i>Net Income Margin %</i>	7.8%	4.2%	3.6%	85.7%	

SVMH Financial Highlights January 2022

Gross Revenues were favorable

- **Gross Revenues** were **3% favorable** to budget
- **IP gross revenues** were **11% favorable** to budget
- **ED gross revenues** were **22% above budget**

- **OP gross revenues** were **15% unfavorable to budget in the following areas:**

- Infusion Therapy
- Other OP Pharmacy
- Surgery
- Cardiology
- Radiology
- Other OP Services

- **Commercial: 11% below** budget
- **Medicaid: 3% above** budget
- **Medicare: 15% above** budget

Payor Mix – ***unfavorable*** to budget

Total Normalized Net Patient Revenues were \$49.0M, which was favorable to budget by \$3.0M or 6.6%

Financial Summary – January 2022



1) Higher than expected Inpatient business:

- Average daily census was at 129, 12% above budget of 115

2) Total admissions were 10% (88 admits) above budget

- ER admissions were 16% above budget (103 admits)
- ER admissions (including OB ED) were 87% of total acute admissions

3) ER Outpatient visits were above budget by 43% (1,273 visits)

4) OP Observation cases were 16% (25 cases) below budget at 131

5) Medicare Traditional ALOS CMI adjusted 2% favorable at 2.4 days with a Case Mix Index of 1.8



6) Lower than expected Outpatient business:

- Predominantly due to lower than expected volumes in Outpatient Surgery, Infusion Therapy, Cardiology, Radiology, and Other Outpatient Services

7) Outpatient Surgeries were 50% (155 cases) below budget predominately in General Surgery, Orthopedics, and Gynecology

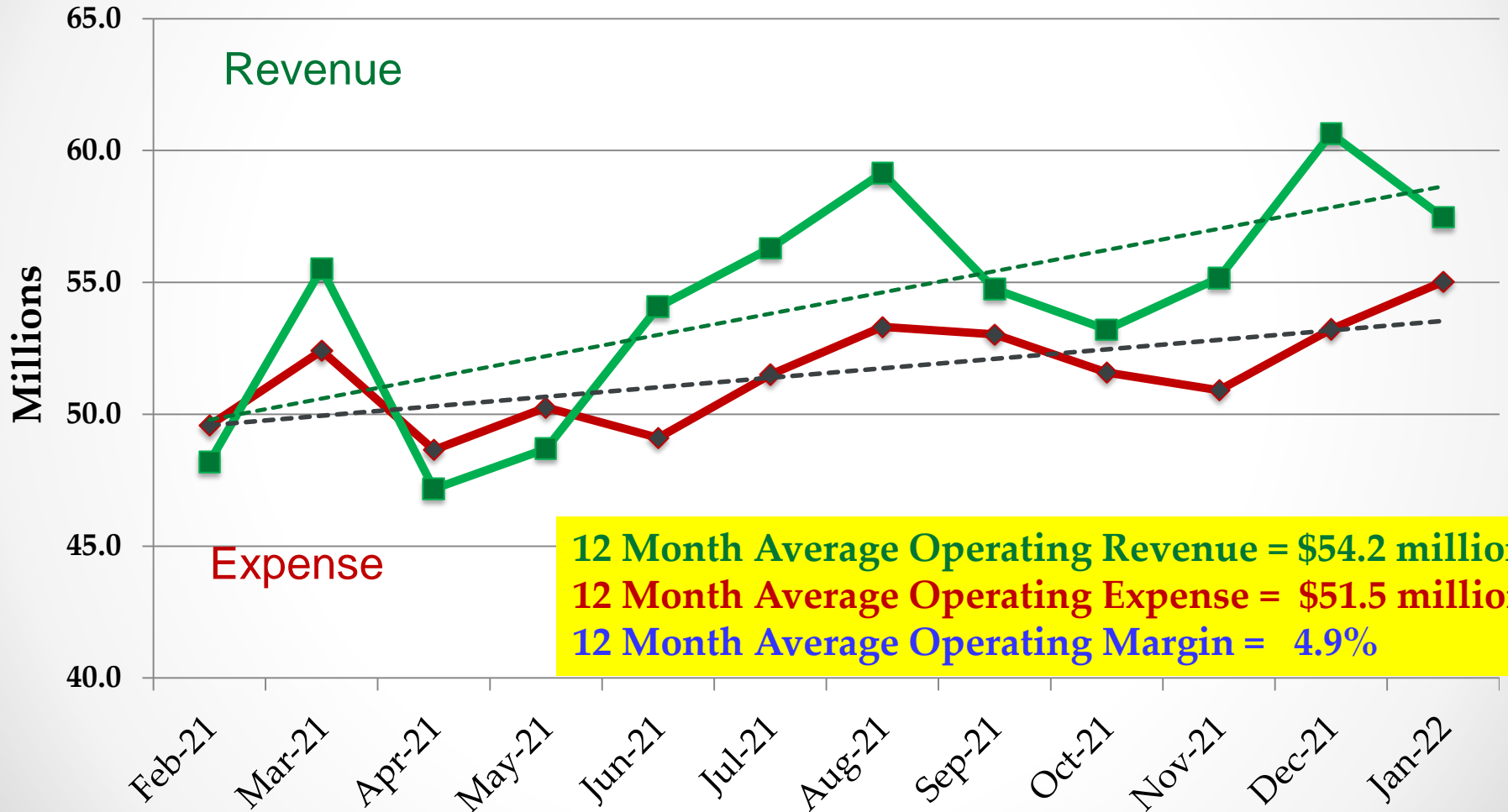
8) Inpatient Surgeries cases were 12% (17 cases) below budget

9) Deliveries were 3% (4 deliveries) below budget at 140

10) Total Acute ALOS was 2% unfavorable at 4.3 vs 4.2 days budgeted

SVMHS Operating Revenues & Expenses (Normalized)

Rolling 12 Months: February 21 to January 22



SVMHS Key Financial Indicators

	YTD	SVMHS		S&P A+ Rated		YTD	
Statistic	Jan-22	Target	+/-	Hospitals	+/-	Jan-21	+/-
Operating Margin*	7.3%	9.0%		4.0%		7.6%	
Total Margin*	7.8%	10.8%		6.6%		10.5%	
EBITDA Margin**	11.3%	13.4%		13.6%		11.7%	
Days of Cash*	379	305		249		347	
Days of Accounts Payable*	45	45		-		50	
Days of Net Accounts Receivable***	52	45		49		55	
Supply Expense as % NPR	13.1%	15.0%		-		12.9%	
SWB Expense as % NPR	51.1%	53.0%		53.7%		53.8%	
Operating Expense per APD*	6,239	4,992		-		6,193	

*These metrics have been adjusted for normalizing items

**Metric based on Operating Income (consistent with industry standard)

***Metric based on 90 days average net revenue (consistent with industry standard)

Days of Cash and Accounts Payable metrics have been adjusted to **exclude** accelerated insurance payments (COVID-19 assistance)

QUESTIONS / COMMENTS

SALINAS VALLEY MEMORIAL HOSPITAL
SUMMARY INCOME STATEMENT
January 31, 2022

	<u>Month of January,</u>		<u>Seven months ended January 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 50,918,521	\$ 52,093,651	\$ 338,719,062	\$ 341,762,921
Other operating revenue	1,062,886	1,210,845	6,818,231	9,151,988
Total operating revenue	<u>51,981,407</u>	<u>53,304,496</u>	<u>345,537,293</u>	<u>350,914,909</u>
Total operating expenses	43,601,230	43,029,898	291,023,019	290,880,695
Total non-operating income	<u>(6,481,289)</u>	<u>(4,517,015)</u>	<u>(22,042,739)</u>	<u>(20,371,347)</u>
Operating and non-operating income	<u>\$ 1,898,888</u>	<u>\$ 5,757,583</u>	<u>\$ 32,471,535</u>	<u>\$ 39,662,867</u>

SALINAS VALLEY MEMORIAL HOSPITAL
 BALANCE SHEETS
 January 31, 2022

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 454,273,348	\$ 410,981,388
Assets whose use is limited or restricted by board	148,067,141	138,617,245
Capital assets	239,361,740	258,439,413
Other assets	176,825,021	187,407,642
Deferred pension outflows	<u>50,119,236</u>	<u>83,379,890</u>
	<u>\$ 1,068,646,486</u>	<u>\$ 1,078,825,578</u>
LIABILITIES AND EQUITY:		
Current liabilities	127,678,758	152,234,648
Long term liabilities	14,556,513	14,780,831
	83,585,120	126,340,336
Net assets	<u>842,826,095</u>	<u>785,469,763</u>
	<u>\$ 1,068,646,486</u>	<u>\$ 1,078,825,578</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
SCHEDULES OF NET PATIENT REVENUE
January 31, 2022**

	<u>Month of January,</u>		<u>Seven months ended January 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	2,062	2,155	11,878	12,099
Medi-Cal	1,115	1,121	7,039	7,617
Commercial insurance	742	918	5,350	5,589
Other patient	85	92	813	980
Total patient days	<u>4,004</u>	<u>4,286</u>	<u>25,080</u>	<u>26,285</u>
Gross revenue:				
Medicare	\$ 96,285,908	\$ 89,275,837	\$ 629,321,264	\$ 568,607,623
Medi-Cal	56,671,890	53,083,675	391,695,138	373,422,605
Commercial insurance	46,456,674	48,822,980	346,467,191	346,982,400
Other patient	<u>6,922,618</u>	<u>7,967,921</u>	<u>57,447,716</u>	<u>60,479,514</u>
Gross revenue	<u>206,337,090</u>	<u>199,150,413</u>	<u>1,424,931,309</u>	<u>1,349,492,142</u>
Deductions from revenue:				
Administrative adjustment	391,772	590,340	2,180,593	2,370,481
Charity care	295,212	1,263,827	6,219,505	6,516,386
Contractual adjustments:				
Medicare outpatient	22,938,056	19,223,263	187,127,973	166,825,661
Medicare inpatient	46,132,671	43,362,590	276,007,105	259,891,083
Medi-Cal traditional outpatient	2,580,080	2,018,330	18,987,334	13,726,968
Medi-Cal traditional inpatient	9,268,575	8,099,914	43,505,551	55,390,282
Medi-Cal managed care outpatient	20,110,155	15,277,900	152,620,104	123,741,299
Medi-Cal managed care inpatient	17,029,967	20,441,324	135,006,039	132,418,675
Commercial insurance outpatient	13,858,634	12,665,333	112,436,891	106,302,052
Commercial insurance inpatient	18,491,332	20,180,991	120,123,276	108,064,998
Uncollectible accounts expense	3,256,357	3,216,019	25,831,324	24,819,272
Other payors	<u>1,065,757</u>	<u>716,932</u>	<u>6,166,553</u>	<u>7,662,063</u>
Deductions from revenue	<u>155,418,568</u>	<u>147,056,763</u>	<u>1,086,212,248</u>	<u>1,007,729,221</u>
Net patient revenue	<u>\$ 50,918,522</u>	<u>\$ 52,093,651</u>	<u>\$ 338,719,061</u>	<u>\$ 341,762,921</u>
Gross billed charges by patient type:				
Inpatient	\$ 121,448,900	\$ 125,522,978	\$ 766,106,253	\$ 754,859,351
Outpatient	59,318,131	51,559,925	470,872,207	447,584,701
Emergency room	<u>25,570,059</u>	<u>22,067,511</u>	<u>187,952,851</u>	<u>147,048,090</u>
Total	<u>\$ 206,337,090</u>	<u>\$ 199,150,413</u>	<u>\$ 1,424,931,311</u>	<u>\$ 1,349,492,142</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
STATEMENTS OF REVENUE AND EXPENSES
January 31, 2022**

	<u>Month of January,</u>		<u>Seven months ended January 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 50,918,521	\$ 52,093,651	\$ 338,719,062	\$ 341,762,921
Other operating revenue	1,062,886	1,210,845	6,818,231	9,151,988
Total operating revenue	<u>51,981,407</u>	<u>53,304,496</u>	<u>345,537,293</u>	<u>350,914,909</u>
Operating expenses:				
Salaries and wages	16,065,048	16,567,936	107,782,829	113,265,665
Compensated absences	3,055,239	2,526,510	19,220,782	18,688,981
Employee benefits	6,602,879	7,703,965	47,170,921	51,975,992
Supplies, food, and linen	6,120,865	6,334,207	43,453,006	43,808,456
Purchased department functions	3,327,140	3,172,890	23,599,458	21,448,862
Medical fees	1,789,858	1,901,467	13,432,913	11,947,514
Other fees	3,503,167	1,842,158	13,909,067	9,079,385
Depreciation	1,854,248	1,811,371	12,821,395	12,487,903
All other expense	1,282,786	1,169,394	9,632,648	8,177,937
Total operating expenses	<u>43,601,230</u>	<u>43,029,898</u>	<u>291,023,019</u>	<u>290,880,695</u>
Income from operations	<u>8,380,177</u>	<u>10,274,598</u>	<u>54,514,274</u>	<u>60,034,214</u>
Non-operating income:				
Donations	166,667	166,667	1,188,667	1,666,667
Property taxes	333,333	333,333	2,333,333	2,333,333
Investment income	(2,765,384)	(71,821)	(6,252,239)	2,037,743
Taxes and licenses	0	0	0	0
Income from subsidiaries	(4,215,905)	(4,945,194)	(19,312,500)	(26,409,090)
Total non-operating income	<u>(6,481,289)</u>	<u>(4,517,015)</u>	<u>(22,042,739)</u>	<u>(20,371,347)</u>
Operating and non-operating income	1,898,888	5,757,583	32,471,535	39,662,867
Net assets to begin	<u>840,927,207</u>	<u>779,712,180</u>	<u>810,354,560</u>	<u>745,806,898</u>
Net assets to end	<u>\$ 842,826,095</u>	<u>\$ 785,469,763</u>	<u>\$ 842,826,095</u>	<u>\$ 785,469,764</u>
Net income excluding non-recurring items	\$ 1,898,888	\$ 5,757,583	\$ 31,989,757	\$ 38,043,758
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>0</u>	<u>481,778</u>	<u>1,619,109</u>
Operating and non-operating income	<u>\$ 1,898,888</u>	<u>\$ 5,757,583</u>	<u>\$ 32,471,535</u>	<u>\$ 39,662,867</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
SCHEDULES OF INVESTMENT INCOME
January 31, 2022**

	<u>Month of January,</u>		<u>Seven months ended January 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Detail of other operating income:				
Dietary revenue	\$ 128,401	\$ 126,487	\$ 976,330	\$ 945,762
Discounts and scrap sale	249,736	(666)	803,185	222,654
Sale of products and services	111,528	11,317	557,459	161,250
Clinical trial fees	4,144	0	27,339	46,128
Stimulus Funds	0	0	0	0
Rental income	155,306	145,184	1,119,723	1,115,503
Other	413,771	928,523	3,334,195	6,660,691
Total	<u>\$ 1,062,886</u>	<u>\$ 1,210,845</u>	<u>\$ 6,818,231</u>	<u>\$ 9,151,988</u>
Detail of investment income:				
Bank and payor interest	\$ 82,930	\$ 109,167	\$ 616,690	\$ 972,614
Income from investments	(2,660,805)	(179,871)	(6,546,062)	1,036,496
Gain or loss on property and equipment	(187,509)	(1,117)	(322,866)	28,633
Total	<u>\$ (2,765,384)</u>	<u>\$ (71,821)</u>	<u>\$ (6,252,239)</u>	<u>\$ 2,037,743</u>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (203,052)	\$ (82,010)	\$ (1,277,649)	\$ (1,255,723)
Neurological Clinic	(82,538)	(119,245)	(391,413)	(568,205)
Palliative Care Clinic	(103,270)	(111,340)	(576,191)	(545,008)
Surgery Clinic	(141,246)	(218,412)	(843,384)	(1,169,287)
Infectious Disease Clinic	(31,219)	(38,830)	(189,201)	(211,777)
Endocrinology Clinic	(167,531)	(236,882)	(880,060)	(1,332,827)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(642,773)	(530,306)	(2,804,894)	(3,463,636)
OB/GYN Clinic	(512,297)	(402,268)	(2,323,136)	(2,541,658)
PrimeCare Medical Group	(868,841)	(1,436,277)	(3,084,488)	(6,682,646)
Oncology Clinic	(560,124)	(250,280)	(2,315,995)	(1,814,162)
Cardiac Surgery	(310,311)	(373,472)	(1,151,771)	(1,231,757)
Sleep Center	(45,350)	(109,029)	(212,970)	(480,335)
Rheumatology	(86,526)	(82,615)	(388,017)	(402,838)
Precision Ortho MDs	(383,612)	(587,681)	(1,779,120)	(2,842,668)
Precision Ortho-MRI	0	(100)	0	(1,363)
Precision Ortho-PT	(79,283)	(64,833)	(358,170)	(329,496)
Vaccine Clinic	(53,581)	0	(189,512)	0
Dermatology	(37,672)	(49,153)	(115,472)	(227,452)
Hospitalists	0	0	0	0
Behavioral Health	(91,003)	(95,848)	(475,115)	(504,644)
Pediatric Diabetes	(46,438)	(37,436)	(309,905)	(235,601)
Neurosurgery	(44,496)	(68,755)	(179,059)	(249,665)
Multi-Specialty-RR	22,785	(30,025)	75,877	(1,878)
Radiology	(301,480)	(322,591)	(1,700,134)	(1,463,122)
Salinas Family Practice	(142,593)	0	(627,648)	0
Total SVMC	(4,912,451)	(5,247,388)	(22,097,427)	(27,555,748)
Doctors on Duty	(59,876)	218,535	160,922	207,688
Assisted Living	0	(7,965)	0	(49,548)
Salinas Valley Imaging	0	0	0	(19,974)
Vantage Surgery Center	12,266	28,591	182,123	145,340
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	738,846	133,147	2,180,057	545,786
Aspire/CHI/Coastal	(44,508)	(104,430)	(195,848)	(306,472)
Apex	32,791	(8,268)	103,759	39,189
21st Century Oncology	(26,258)	(12,454)	80,760	(116,907)
Monterey Bay Endoscopy Center	43,285	55,038	273,155	701,556
Total	<u>\$ (4,215,905)</u>	<u>\$ (4,945,194)</u>	<u>\$ (19,312,500)</u>	<u>\$ (26,409,090)</u>

SALINAS VALLEY MEMORIAL HOSPITAL
BALANCE SHEETS
January 31, 2022

	Current year		Prior year
A S S E T S			
Current assets:			
Cash and cash equivalents	\$ 348,713,308	\$	297,985,446
Patient accounts receivable, net of estimated uncollectibles of \$25,784,471	87,508,281		93,746,118
Supplies inventory at cost	7,902,480		8,605,987
Other current assets	10,149,278		10,643,838
Total current assets	454,273,348		410,981,388
Assets whose use is limited or restricted by board	148,067,141		138,617,245
Capital assets:			
Land and construction in process	35,455,695		47,426,417
Other capital assets, net of depreciation	203,906,045		211,012,996
Total capital assets	239,361,740		258,439,413
Other assets:			
Investment in Securities	137,249,683		148,230,694
Investment in SVMC	11,414,249		11,337,726
Investment in Aspire/CHI/Coastal	1,791,520		4,503,941
Investment in other affiliates	21,385,568		21,826,766
Net pension asset	4,984,001		1,508,515
Total other assets	176,825,021		187,407,642
Deferred pension outflows	50,119,236		83,379,890
	\$ 1,068,646,486	\$	1,078,825,578
 LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$ 54,100,747	\$	59,187,516
Due to third party payers	55,553,238		74,900,827
Current portion of self-insurance liability	18,024,773		18,146,305
Total current liabilities	127,678,758		152,234,648
Long term portion of workers comp liability	14,556,513		14,780,831
Total liabilities	142,235,271		167,015,479
Pension liability	83,585,120		126,340,336
Net assets:			
Invested in capital assets, net of related debt	239,361,740		258,439,413
Unrestricted	603,464,355		527,030,350
Total net assets	842,826,095		785,469,763
	\$ 1,068,646,486	\$	1,078,825,578

SALINAS VALLEY MEMORIAL HOSPITAL
STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL
January 31, 2022

	Month of January,				Seven months ended January 31,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 206,337,090	\$ 199,588,021	6,749,069	3.38%	\$ 1,424,931,309	\$ 1,366,642,535	58,288,774	4.27%
Deductions from revenue	155,418,568	153,627,876	1,790,692	1.17%	1,086,212,248	1,049,753,582	36,458,666	3.47%
Net patient revenue	50,918,522	45,960,144	4,958,378	10.79%	338,719,061	316,888,953	21,830,108	6.89%
Other operating revenue	1,062,886	783,804	279,082	35.61%	6,818,231	5,477,135	1,341,096	24.49%
Total operating revenue	51,981,408	46,743,948	5,237,460	11.20%	345,537,292	322,366,088	23,171,204	7.19%
Operating expenses:								
Salaries and wages	16,065,048	15,734,432	330,616	2.10%	107,782,829	108,167,943	(385,114)	-0.36%
Compensated absences	3,055,239	2,737,145	318,094	11.62%	19,220,782	19,884,801	(664,019)	-3.34%
Employee benefits	6,602,879	7,412,756	(809,877)	-10.93%	47,170,921	49,559,065	(2,388,144)	-4.82%
Supplies, food, and linen	6,120,865	5,938,499	182,366	3.07%	43,453,006	41,189,060	2,263,946	5.50%
Purchased department functions	3,327,140	3,088,552	238,588	7.72%	23,599,458	21,406,187	2,193,271	10.25%
Medical fees	1,789,858	1,830,070	(40,212)	-2.20%	13,432,913	12,791,618	641,295	5.01%
Other fees	3,503,167	928,184	2,574,983	277.42%	13,909,067	6,535,693	7,373,374	112.82%
Depreciation	1,854,248	1,790,446	63,802	3.56%	12,821,395	12,503,663	317,732	2.54%
All other expense	1,282,786	1,445,868	(163,082)	-11.28%	9,632,648	10,075,722	(443,074)	-4.40%
Total operating expenses	43,601,230	40,905,952	2,695,278	6.59%	291,023,019	282,113,750	8,909,269	3.16%
Income from operations	8,380,178	5,837,996	2,542,182	43.55%	54,514,273	40,252,337	14,261,936	35.43%
Non-operating income:								
Donations	166,667	166,667	0	0.00%	1,188,667	1,166,667	22,000	1.89%
Property taxes	333,333	333,333	(0)	0.00%	2,333,333	2,333,333	(0)	0.00%
Investment income	(2,765,384)	(63,302)	(2,702,082)	4268.59%	(6,252,239)	(443,111)	(5,809,129)	1310.99%
Income from subsidiaries	(4,215,905)	(4,369,030)	153,125	-3.50%	(19,312,500)	(28,919,361)	9,606,861	-33.22%
Total non-operating income	(6,481,289)	(3,932,332)	(2,548,957)	64.82%	(22,042,739)	(25,862,472)	3,819,733	-14.77%
Operating and non-operating income	\$ 1,898,889	\$ 1,905,664	(6,775)	-0.36%	\$ 32,471,534	\$ 14,389,865	18,081,669	125.66%

**SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT**

For the month of Jan and seven months to date

	<u>Month of Jan</u>		<u>Seven months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	37	43	314	297	(17)
Other Admissions	81	99	674	683	9
Total Admissions	118	142	988	980	(8)
Medi-Cal Patient Days	56	69	468	461	(7)
Other Patient Days	150	171	1,089	1,126	37
Total Patient Days of Care	206	240	1,557	1,587	30
Average Daily Census	6.6	7.7	7.2	7.4	0.1
Medi-Cal Average Days	1.5	1.6	1.6	1.6	0.0
Other Average Days	1.0	1.7	1.6	1.7	0.1
Total Average Days Stay	1.8	1.7	1.6	1.6	0.1
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	351	387	2,262	2,353	91
Medi-Cal Admissions	288	248	1,671	1,699	28
Other Admissions	358	292	1,976	2,127	151
Total Admissions	997	927	5,909	6,179	270
Medicare Patient Days	1,819	1,757	10,595	10,204	(391)
Medi-Cal Patient Days	1,166	1,158	7,865	7,325	(540)
Other Patient Days	1,220	1,083	6,930	7,538	608
Total Patient Days of Care	4,205	3,998	25,390	25,067	(323)
Average Daily Census	135.6	129.0	118.1	116.6	(1.5)
Medicare Average Length of Stay	5.0	4.7	4.7	4.3	(0.4)
Medi-Cal Average Length of Stay	3.6	3.8	3.9	3.5	(0.4)
Other Average Length of Stay	3.8	2.6	2.6	2.7	0.1
Total Average Length of Stay	4.2	3.7	3.7	3.5	(0.2)
Deaths	97	34	284	199	(85)
Total Patient Days	4,411	4,238	26,947	26,654	(293)
Medi-Cal Administrative Days	8	72	164	177	13
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	8	72	164	177	13
Percent Non-Acute	0.18%	1.70%	0.61%	0.66%	0.06%

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Jan and seven months to date

	<u>Month of Jan</u>		<u>Seven months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	292	269	1,786	1,869	83
Heart Center	360	346	2,406	1,808	(598)
Monitored Beds	888	775	6,302	5,439	(863)
Single Room Maternity/Obstetrics	315	357	2,457	2,555	98
Med/Surg - Cardiovascular	905	875	5,252	4,910	(342)
Med/Surg - Oncology	304	267	1,335	1,973	638
Med/Surg - Rehab	574	517	3,065	3,035	(30)
Pediatrics	172	77	609	627	18
Nursery	206	240	1,557	1,587	30
Neonatal Intensive Care	72	162	889	768	(121)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	72.46%	66.75%	63.90%	66.87%	
Heart Center	77.42%	74.41%	74.60%	56.06%	
Monitored Beds	106.09%	92.59%	108.56%	93.70%	
Single Room Maternity/Obstetrics	27.46%	31.12%	30.89%	32.12%	
Med/Surg - Cardiovascular	64.87%	62.72%	54.28%	50.75%	
Med/Surg - Oncology	75.43%	66.25%	47.76%	70.59%	
Med/Surg - Rehab	71.22%	64.14%	54.83%	54.29%	
Med/Surg - Observation Care Unit	0.00%	66.98%	0.00%	56.99%	
Pediatrics	30.82%	13.80%	15.74%	16.20%	
Nursery	40.27%	46.92%	21.95%	22.37%	
Neonatal Intensive Care	21.11%	47.51%	37.59%	32.47%	

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Jan and seven months to date

	<u>Month of Jan</u>		<u>Seven months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	114	149	975	962	(13)
C-Section deliveries	36	42	292	318	26
Percent of C-section deliveries	31.58%	28.19%	29.95%	33.06%	3.11%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	15,342	14,376	143,526	129,064	(14,462)
Out-Patient Operating Minutes	10,849	16,053	154,560	171,600	17,040
Total	26,191	30,429	298,086	300,664	2,578
Open Heart Surgeries	11	9	83	81	(2)
In-Patient Cases	115	117	992	929	(63)
Out-Patient Cases	117	160	1,702	1,706	4
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	43	34	234	256	22
High Risk	570	501	3,650	3,231	(419)
More Than One Resource	2,170	2,465	14,872	17,983	3,111
One Resource	950	2,060	9,394	12,106	2,712
No Resources	31	66	278	632	354
Total	<u>3,764</u>	<u>5,126</u>	<u>28,428</u>	<u>34,208</u>	<u>5,780</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT**

For the month of Jan and seven months to date

	Month of Jan		Seven months to date		Variance
	2021	2022	2020-21	2021-22	
CENTRAL SUPPLY					
In-patient requisitions	16,315	15,295	102,118	105,727	3,609
Out-patient requisitions	6,250	6,730	67,967	63,426	-4,541
Emergency room requisitions	1,375	698	11,273	8,349	-2,924
Interdepartmental requisitions	7,849	7,115	49,644	44,398	-5,246
Total requisitions	<u>31,789</u>	<u>29,838</u>	<u>231,002</u>	<u>221,900</u>	<u>-9,102</u>
LABORATORY					
In-patient procedures	42,107	38,721	253,735	241,589	-12,146
Out-patient procedures	9,286	11,597	76,062	80,263	4,201
Emergency room procedures	9,433	11,145	60,934	76,430	15,496
Total patient procedures	<u>60,826</u>	<u>61,463</u>	<u>390,731</u>	<u>398,282</u>	<u>7,551</u>
BLOOD BANK					
Units processed	<u>318</u>	<u>297</u>	<u>1,996</u>	<u>1,965</u>	<u>-31</u>
ELECTROCARDIOLOGY					
In-patient procedures	1,041	1,068	6,566	6,885	319
Out-patient procedures	349	302	2,706	2,668	-38
Emergency room procedures	1,045	1,148	6,142	7,127	985
Total procedures	<u>2,435</u>	<u>2,518</u>	<u>15,414</u>	<u>16,680</u>	<u>1,266</u>
CATH LAB					
In-patient procedures	64	77	512	607	95
Out-patient procedures	51	71	571	625	54
Emergency room procedures	0	0	1	0	-1
Total procedures	<u>115</u>	<u>148</u>	<u>1,084</u>	<u>1,232</u>	<u>148</u>
ECHO-CARDIOLOGY					
In-patient studies	298	371	2,033	2,406	373
Out-patient studies	138	156	1,262	1,520	258
Emergency room studies	2	1	16	5	-11
Total studies	<u>438</u>	<u>528</u>	<u>3,311</u>	<u>3,931</u>	<u>620</u>
NEURODIAGNOSTIC					
In-patient procedures	140	165	1,109	1,090	-19
Out-patient procedures	24	27	169	164	-5
Emergency room procedures	0	0	0	0	0
Total procedures	<u>164</u>	<u>192</u>	<u>1,278</u>	<u>1,254</u>	<u>-24</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Jan and seven months to date

	<u>Month of Jan</u>		<u>Seven months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
SLEEP CENTER					
In-patient procedures	0	0	1	0	-1
Out-patient procedures	183	167	1,315	1,153	-162
Emergency room procedures	0	0	0	0	0
Total procedures	<u>183</u>	<u>167</u>	<u>1,316</u>	<u>1,153</u>	<u>-163</u>
RADIOLOGY					
In-patient procedures	1,654	1,429	9,708	8,710	-998
Out-patient procedures	416	356	4,323	2,915	-1,408
Emergency room procedures	1,217	1,382	7,939	8,809	870
Total patient procedures	<u>3,287</u>	<u>3,167</u>	<u>21,970</u>	<u>20,434</u>	<u>-1,536</u>
MAGNETIC RESONANCE IMAGING					
In-patient procedures	105	141	860	890	30
Out-patient procedures	127	77	953	768	-185
Emergency room procedures	14	6	80	49	-31
Total procedures	<u>246</u>	<u>224</u>	<u>1,893</u>	<u>1,707</u>	<u>-186</u>
MAMMOGRAPHY CENTER					
In-patient procedures	2,718	3,550	20,910	24,711	3,801
Out-patient procedures	2,696	3,518	20,790	24,527	3,737
Emergency room procedures	3	0	3	8	5
Total procedures	<u>5,417</u>	<u>7,068</u>	<u>41,703</u>	<u>49,246</u>	<u>7,543</u>
NUCLEAR MEDICINE					
In-patient procedures	12	14	86	94	8
Out-patient procedures	61	78	506	541	35
Emergency room procedures	1	0	4	4	0
Total procedures	<u>74</u>	<u>92</u>	<u>596</u>	<u>639</u>	<u>43</u>
PHARMACY					
In-patient prescriptions	111,491	94,299	636,356	605,331	-31,025
Out-patient prescriptions	10,439	11,319	99,978	104,283	4,305
Emergency room prescriptions	5,342	7,197	36,983	48,996	12,013
Total prescriptions	<u>127,272</u>	<u>112,815</u>	<u>773,317</u>	<u>758,610</u>	<u>-14,707</u>
RESPIRATORY THERAPY					
In-patient treatments	29,606	21,738	156,457	131,478	-24,979
Out-patient treatments	143	981	3,391	7,896	4,505
Emergency room treatments	373	194	1,179	1,583	404
Total patient treatments	<u>30,122</u>	<u>22,913</u>	<u>161,027</u>	<u>140,957</u>	<u>-20,070</u>
PHYSICAL THERAPY					
In-patient treatments	2,256	2,396	16,109	16,284	175
Out-patient treatments	99	170	1,751	2,108	357
Emergency room treatments	0	0	0	0	0
Total treatments	<u>2,355</u>	<u>2,566</u>	<u>17,860</u>	<u>18,392</u>	<u>532</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
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	<u>Month of Jan</u>		<u>Seven months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
OCCUPATIONAL THERAPY					
In-patient procedures	1,445	1,660	9,403	10,682	1,279
Out-patient procedures	74	99	797	1,086	289
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,519</u>	<u>1,759</u>	<u>10,200</u>	<u>11,768</u>	<u>1,568</u>
SPEECH THERAPY					
In-patient treatments	348	525	2,682	3,077	395
Out-patient treatments	23	28	171	200	29
Emergency room treatments	0	0	0	0	0
Total treatments	<u>371</u>	<u>553</u>	<u>2,853</u>	<u>3,277</u>	<u>424</u>
CARDIAC REHABILITATION					
In-patient treatments	0	0	0	0	0
Out-patient treatments	498	401	2,637	4,268	1,631
Emergency room treatments	0	0	1	0	-1
Total treatments	<u>498</u>	<u>401</u>	<u>2,638</u>	<u>4,268</u>	<u>1,630</u>
CRITICAL DECISION UNIT					
Observation hours	<u>378</u>	<u>344</u>	<u>1,866</u>	<u>2,252</u>	<u>386</u>
ENDOSCOPY					
In-patient procedures	85	78	626	636	10
Out-patient procedures	12	29	159	223	64
Emergency room procedures	0	0	0	0	0
Total procedures	<u>97</u>	<u>107</u>	<u>785</u>	<u>859</u>	<u>74</u>
C.T. SCAN					
In-patient procedures	537	596	3,803	4,027	224
Out-patient procedures	445	281	3,598	2,517	-1,081
Emergency room procedures	433	552	3,208	4,164	956
Total procedures	<u>1,415</u>	<u>1,429</u>	<u>10,609</u>	<u>10,708</u>	<u>99</u>
DIETARY					
Routine patient diets	17,554	21,351	113,154	130,102	16,948
Meals to personnel	19,345	21,421	144,216	152,161	7,945
Total diets and meals	<u>36,899</u>	<u>42,772</u>	<u>257,370</u>	<u>282,263</u>	<u>24,893</u>
LAUNDRY AND LINEN					
Total pounds laundered	<u>99,573</u>	<u>100,531</u>	<u>710,088</u>	<u>689,921</u>	<u>-20,167</u>

PUBLIC INPUT

CLOSED SESSION

*(Report on Item to be
Discussed in Closed Session)*

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

*ADJOURNMENT – THE MARCH 2022
PERSONNEL, PENSION AND
INVESTMENT COMMITTEE MEETING
IS SCHEDULED FOR TUESDAY,
MARCH 22, 2022, AT 12:00 P.M.*