City of Cincinnati Retirement System
Board of Trustees Meeting

Agenda

October 1, 2026 / 2:00 P.M.
City Hall, Council Chambers and via Zoom

Members
Bill Moller, Chair
Tom Gamel, Vice Chair
David Rager
Mark Menkhaus, Jr.
Monica Morton
Aliya Riddle
Sonya Morris
Tom West
Mia Rivolta

CRS Staff
Jon Salstrom

Law
Maxwell Smith

Call to Order

Public Comment

Approval of Minutes
- September 9, 2026 (2-4)

Report on Governance Committee

Informational – Staff Report
- Marquette Investment Report (5-7)
- Investment Manager Contracts
- Presentation - A resilient portfolio is designed for more efficient compounding (8-16)
- Staff Update
- Open enrollment update
- Update regarding CRS Annual Presentation to Council
- 2025 PAFR (17-32)

Old Business

New Business

Adjournment

Next Meeting: Thursday, October 1, 2026, 2:00 P.M. City Hall Council Chambers and via Zoom

City of Cincinnati Retirement System
Board of Trustees Meeting Minutes

September 9, 2026 / 2:00 P.M.
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Tom Gamel, Vice Chair
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Call to Order
Chair Bill Moller called the meeting to order at 2:01 p.m. All trustees were present.

Public Comment
No public comment.

Approval of Minutes
A motion to approve the August 6, 2026 Board of Trustees meeting minutes was made by Trustee Sonya Morris and seconded by Trustee David Rager. The motion passed by unanimous roll call vote.

Report on Performance Evaluation and Benefits Committee
Trustee David Rager reported on strategic objectives and ongoing revisions to improve readability of the Executive Director objectives report. No motions were forwarded to the Board.

Informational – Staff Report

Marquette Investment Report (4-6)
Chair Bill Moller reviewed investment performance. Director Salstrom reported that year-to-date returns continued to improve and discussed implementation of investment policy objectives, progress on private market allocations, and anticipated recommendations for additional private credit managers. Discussion also occurred regarding current fixed-income markets and future commentary from Marquette Associates.

CRS Dashboards (7-16)
Director Salstrom reviewed investment, demographic, benefits, risk, liquidity, compliance, budget, and member service dashboards. He reported continued improvement in membership demographics, stable benefit activity, strong liquidity, and no significant changes to the Risk Dashboard. Funding risk continues to be monitored through annual actuarial valuations and the Board's adopted funding plan.

A new Member Counselor Dashboard was reviewed. Survey responses reflected strong member satisfaction, and staff continues to respond promptly to concerns identified through participant feedback surveys.

Staff Update
Director Salstrom announced that Tara Freson joined CRS staff and will assume front-office responsibilities. He also reported plans to repost the Investment Analyst position.

Updated on potential conferences/training for Trustees (17-59)
Director Salstrom reviewed educational opportunities available through NCPERS, IFEBP, and KORIED and encouraged trustees to participate in trustee training opportunities.

Annual Presentation to Council –Budget and Finance on September 21, 2026 (60-74)
Chair Moller reviewed the upcoming Budget, Finance & Governance Committee presentation. Director Salstrom advised that the annual report was included in the Board packet and anticipated that the presentation would primarily involve questions and answers.

Old Business
There was no Old Business.

New Business
Overview of CRS Operations - Training
Director Salstrom and Kyle Brown presented an overview of CRS operations, including governance, benefits administration, retiree healthcare, information technology, finance and investments, member counseling, deferred compensation administration, and customer service responsibilities.
The presentation reviewed the history and mission of CRS, governance under the Collaborative Settlement Agreement, membership demographics, and financial status. Staff discussed pension administration, healthcare administration, DROP, disability retirement, survivor benefits, deferred compensation plans, service purchases, and member education.
The Board received detailed information regarding retiree healthcare administration, Medicare Advantage enrollment, member counseling services, information technology operations, PensionGold administration, cybersecurity responsibilities, data management, actuarial reporting, and process automation projects.
Staff also shared examples illustrating how CRS assists members experiencing medical hardships and other challenges to ensure continuity of retirement income and healthcare coverage. Director Salstrom emphasized the mission-driven nature of CRS operations and commended staff for their commitment to serving members and retirees.
Trustees expressed appreciation for the presentation and for the work performed by CRS staff on behalf of members and retirees.

Board Calendar Discussion
Chair Moller discussed a proposed 2027 meeting calendar that would eliminate regularly scheduled Board meetings during July. Director Salstrom indicated that staff would prepare proposed Board Rule amendments for future consideration. Chair Moller noted that existing

Board Rules contain provisions allowing urgent matters to be addressed between meetings when necessary.

Adjournment
A motion to adjourn was made by Vice Chair Tom Gamel and seconded by Trustee Sonya Morris. The motion passed by unanimous roll call vote. The meeting adjourned at 3:05 p.m.

Meeting Video Link: https://archive.org/details/crs-board-9-3-26

Next Meeting: Thursday, October 1, 2026, 2:00 P.M. City Hall Council Chambers and via Zoom

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Secretary

MarquetteAssociates



Cincinnati Retirement

Monthly Report

Executive Summary
July 31, 2026

Total Fund Composite

Monthly Report
As of July 31, 2026

	Market Value	% of Portfolio	Policy %	Target Allocation	Difference
Fixed Income Composite	583,319,557	22.0	22.5	597,097,904	-13,778,348
Private Debt Composite	177,436,950	6.7	8.0	212,301,477	-34,864,527
U.S. Equity Composite	630,104,381	23.7	24.0	636,904,431	-6,800,050
Non-U.S. Equity Composite	394,212,775	14.9	15.0	398,065,270	-3,852,495
Hedge Fund Composite	122,504,488	4.6	4.0	106,150,739	16,353,750
Real Estate Composite	148,297,999	5.6	6.0	159,226,108	-10,928,109
Infrastructure Composite	221,458,393	8.3	7.0	185,763,792	35,694,601
Private Equity Composite	287,017,003	10.8	13.5	358,258,743	-71,241,739
Total Fund Composite	2,653,768,463	100.0	100.0	2,653,768,463	

	Last Month
Total Fund Composite	
Beginning Market Value	2,617,191,070
Net Cash Flow	43,650,891
Gain/Loss	-7,073,497
Ending Market Value	2,653,768,463

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	7 Yrs	10 Yrs	SI	Inception Date
Total Fund Composite	**-0.3**	**2.1**	**6.2**	**13.3**	**11.6**	**10.9**	**7.2**	**9.2**	**8.7**	**8.9**	**Jun 85**
Target Benchmark	-0.3	1.9	5.4	12.4	11.1	10.6	6.4	8.9	8.7	-	
Actuarial Rate 7.5%	0.6	1.8	4.3	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
Fixed Income Composite	**-1.2**	**-0.5**	**0.2**	**3.7**	**4.2**	**4.7**	**0.7**	**2.3**	**2.9**	**5.0**	**Dec 95**
Blmbg. U.S. Aggregate Index	-1.3	-0.8	-0.7	2.7	3.0	3.7	-0.4	1.0	1.3	4.1	
Opportunistic Credit Composite	**-0.5**	**0.7**	**2.1**	**4.9**	**6.8**	**7.7**	**4.7**	**5.9**	**6.5**	**6.5**	**Dec 11**
50% Bloomberg HY / 50% S&P Leveraged Loan	-0.1	0.6	1.5	4.3	6.2	7.7	5.0	5.2	5.4	-	
Private Debt Composite	**0.0**	**1.1**	**2.7**	**6.3**	**7.2**	**8.6**	**7.3**	**-**	**-**	**5.6**	**Oct 20**
MSCI Private Capital Global Private Debt	0.0	0.0	1.1	4.7	7.0	7.7	7.8	8.1	8.3	9.4	
U.S. Equity Composite	**-0.5**	**4.3**	**10.4**	**20.4**	**17.0**	**17.9**	**11.4**	**14.3**	**13.3**	**10.1**	**Mar 89**
Russell 3000 Index	-0.5	4.3	10.3	19.6	17.6	18.8	11.8	15.2	14.6	11.2	
Non-U.S. Equity Composite	**0.4**	**4.8**	**14.2**	**27.9**	**21.3**	**17.3**	**9.3**	**10.5**	**8.8**	**6.8**	**Jun 93**
MSCI AC World ex USA (Net)	0.3	4.8	14.1	28.5	21.4	17.4	9.2	10.4	9.4	-	
Hedge Fund Composite	**1.2**	**2.8**	**6.6**	**14.9**	**11.4**	**11.0**	**-**	**-**	**-**	**8.4**	**Feb 22**
HFRI Fund Weighted Composite Index	-1.0	0.9	6.4	14.0	11.0	10.5	6.5	8.0	6.9	7.6	
Real Estate Composite	**0.1**	**1.3**	**3.0**	**4.7**	**4.1**	**-0.3**	**2.9**	**3.8**	**4.8**	**4.8**	**Sep 07**
NFI-ODCE	0.0	0.9	2.3	3.4	3.1	-1.2	1.4	2.5	3.7	3.7	
NCREIF Property Index	0.0	1.2	2.4	4.9	4.5	1.1	3.2	3.7	4.7	5.5	
Infrastructure Composite	**0.2**	**2.7**	**4.9**	**10.1**	**9.9**	**9.1**	**9.4**	**9.4**	**7.5**	**8.5**	**Sep 08**
3 Month T-Bill +4%	0.7	1.9	4.4	8.0	8.4	8.8	7.7	6.9	6.5	5.5	
Private Equity Composite	**0.0**	**-0.1**	**3.5**	**8.3**	**8.6**	**8.0**	**7.8**	**12.1**	**12.7**	**8.8**	**Aug 93**
MSCI Private Capital Global All Private Equity	0.0	0.0	1.0	7.7	8.9	7.4	5.8	13.0	14.0	14.8	

MarquetteAssociates

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city of CINCINNATI RETIREMENT

Cincinnati Retirement System Board of Trustees

Building a Resilient Portfolio

CINCINNATI RETIREMENT SYSTEM

→Building a Resilient Portfolio

Designed to meet benefit payments, withstand market dislocations, and compound capital through economic cycles

CRS seeks to earn its long-term return objective without relying on a single market environment or becoming a forced seller during periods of stress.

Durable liquidity

Maintain sufficient liquidity to fund benefit payments and capital calls through market disruptions.

Diversified return sources

Diversify across asset classes, investment strategies, and vintage years.

Efficient compounding

Limit severe drawdowns and preserve capital available to participate in subsequent recoveries.

Portfolio resilience supports pension sustainability by improving the probability that CRS can remain invested through the full market cycle.

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CINCINNATI RETIREMENT SYSTEM

→Benefit Payments and Market Dislocations

A mature pension plan cannot pause cash outflows while markets recover

01	**Market decline**	Public equities and other risk assets fall in value.
02	**Benefits remain due**	Monthly retiree payments continue as scheduled.
03	**Liquidity must be raised**	Cash must come from contributions, reserves, income, or asset sales.
04	**Asset sales may lock in losses**	Selling depressed assets reduces participation in the recovery.

A temporary market decline can become a permanent capital loss when the plan must sell before prices recover.

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→Withdrawals During a Drawdown

A 30% decline requires a 42.9% gain simply to return to the starting value

Portfolio remains invested

$100 falls 30% **$70** gains 42.9% **$100**

Cash withdrawn at depressed prices no longer compounds through the recovery.

Portfolio pays $20 after the decline

$100 falls 30% **$70** pays $20 **$50** then gains 42.9% **$71.43**

Illustrative arithmetic. The second path includes a $20 benefit payment which when added back to 71.43 shows the true cost of $8.57 lost.

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→Plan Maturity and Portfolio Liquidity

Negative net cash flow makes the timing of returns more consequential

Contributions less **Benefit payments** equals **Net cash flow**

As benefit payments exceed contributions, the investment portfolio supplies a larger share of the cash needed each month.

Condition	Portfolio implication
More negative cash flow	More assets must generate income or be sold
Larger market drawdown	A greater share of the portfolio may sit below its prior value
Less liquid portfolio	Fewer assets remain available to fund benefits without disrupting strategy

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→Portfolio Risk and Staying Invested

The objective is a durable return path that supports benefits through market cycles

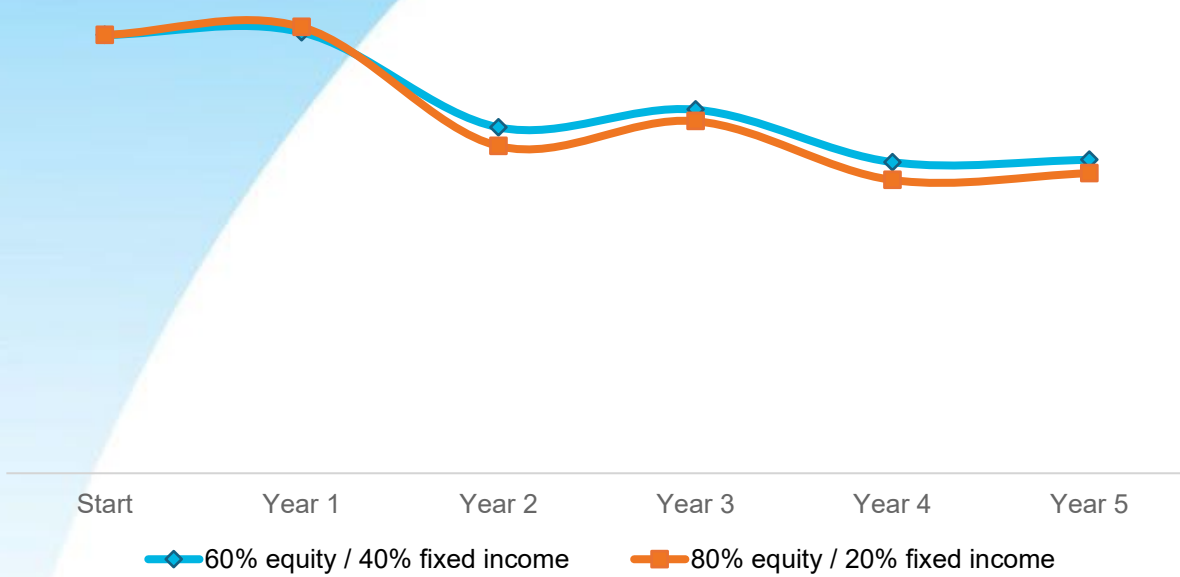
Portfolio characteristic	Higher risk allocation	More diversified allocation
Expected return	Potentially higher	Potentially lower
Volatility and drawdown	Larger	Smaller
Liquidity pressure in a selloff	Higher	Lower
Ability to stay invested	More vulnerable	More resilient

A modest reduction in expected return can add economic value when it lowers the probability of selling risk assets during a severe drawdown.

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→60/40 vs. 80/20 Illustration

Growth of $100 with a fixed $7 benefit payment at each year-end



Ending value

60/40	80/20
$71.51	$68.47

Peak-to-Year 2 drawdown

60/40	80/20
−21.6%	−26.7%

The 60/40 portfolio finishes $3.04 higher because the smaller drawdown leaves more capital invested for the recovery.

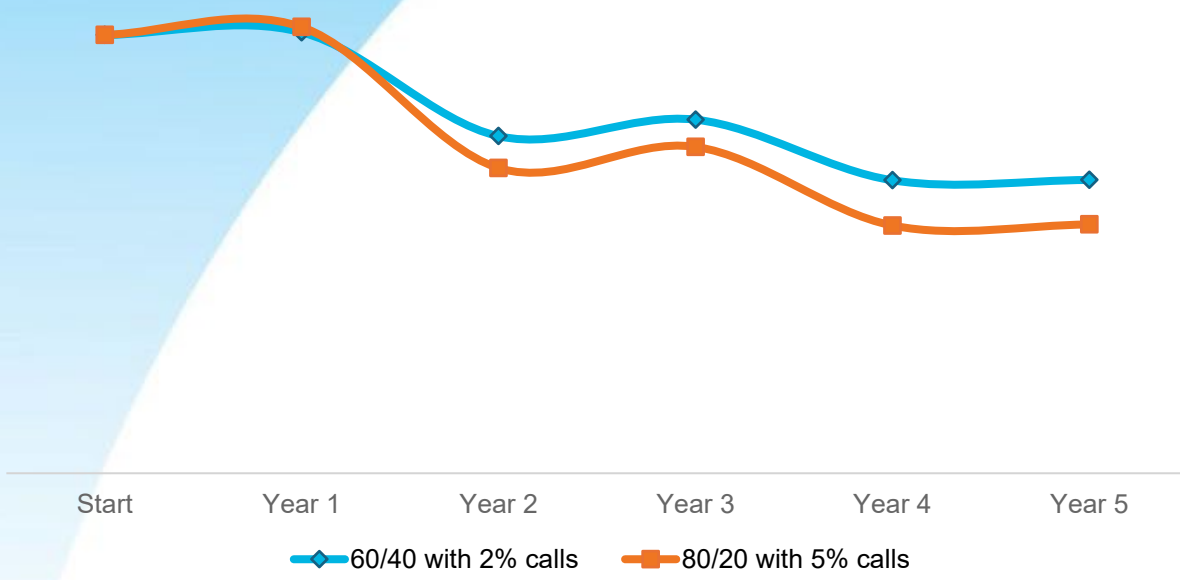
Calendar year return	Year 1	Year 2	Year 3	Year 4	Year 5
Equity	10%	−25%	20%	−10%	15%
Fixed income	4%	1%	5%	0%	4%

Assumptions: annual rebalancing; return occurs before each payout; no contributions, fees, or taxes.

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→Capital Calls Amplify Sequence Risk

Annual $7 benefit payment plus additional capital calls in Years 2 and 4



Ending value

$66.92 60/40

$56.76 80/20

Peak-to-Year 2 drawdown

−23.5% 60/40

−31.6% 80/20

The lower capital-call burden and smaller drawdown leave the 60/40 portfolio $10.16 higher after five years.

Calendar year	Year 1	Year 2	Year 3	Year 4	Year 5
Equity return	10%	**−25%**	20%	**−10%**	15%
60/40 capital call	0%	**2%**	0%	**2%**	0%
80/20 capital call	0%	**5%**	0%	**5%**	0%

Capital calls are modeled as percentages of the original $100 portfolio and paid after annual investment returns, in addition to the $7 benefit payment.

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→Resilient Portfolio Design

Diversification broadens the return and income sources available through changing markets

Diversified by

Asset class

Public and private exposures respond differently across market cycles

Strategy

Distinct return drivers reduce reliance on one market outcome

Vintage year

Capital deployed over time reduces concentration in one entry point

Defensive diversifiers

Hedge fund strategies can provide differentiated return streams and downside protection.

Contractual income

Credit, infrastructure, and real estate can provide recurring cash flow that supports benefit payments.

Design objective

Compound returns with less dependence on public equity and bond beta than a traditional 70/30 public markets portfolio.

Diversification can reduce risk, but it does not eliminate losses or guarantee higher returns in every period.

city of CINCINNATI RETIREMENT

city of
CINCINNATI
RETIREMENT



POPULAR ANNUAL FINANCIAL REPORT (PAFR)

For the Fiscal Year Ending June 30, 2025

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ABOUT THIS REPORT

The Popular Annual Financial Report (PAFR) includes condensed and simplified information from the 2024 City of Cincinnati Annual Comprehensive Financial Report, which is prepared in accordance with generally accepted accounting principles in the United States of America. Financial information is designed to be easy-to-understand language. The City of Cincinnati ACFR is audited annually by an independent auditing firm, and the results are confirmed by the State of Ohio. The City of Cincinnati Retirement System is a unit of the City of Cincinnati ACFR.

A MESSAGE FROM THE DIRECTOR

Executive Summary

I am proud to present this Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2025. This report is designed to provide a clear and concise summary of the System's financial health, investment performance, membership statistics, and key operational highlights. It is derived from the more detailed Annual Comprehensive Financial Report (ACFR), which is prepared in accordance with generally accepted accounting principles and available on the CRS website.

Helping Our Members Retire with Confidence

The Cincinnati Retirement System (CRS) is proud to serve the City of Cincinnati by providing secure retirement and healthcare benefits to eligible employees and retirees. Since 1931, CRS has helped thousands of public servants transition into retirement with financial stability and peace of mind. CRS is a defined benefit plan, meaning members receive guaranteed lifetime monthly payments based on their years of service and salary.

Membership Overview

CRS serves a diverse group of over 8,000 plus active employees, retirees, and beneficiaries. Member services include retirement counseling, DROP administration, retiree healthcare coordination, and ongoing communication and education efforts. The system continues to prioritize service delivery improvements, including launching the MemberDirect portal for retirees and publishing updated member and retiree handbooks.

2025 Financial Highlights

- **Fiduciary Net Position:** Increased to **$2.4 billion**, a $96 million gain over FY2024, driven by strong investment performance.
- **Investment Return: 10.4%** for the fiscal year.

Funding Status

- **Pension Funded Ratio:** 67.20%
- **City Contributions:** Increased to 17.75% of payroll
- **Healthcare Trust:** Fully funded as of 2025 at 165% with a formal funding policy adopted and approved by federal court.

Investment Strategy

CRS follows a disciplined long-term investment strategy that emphasizes diversification, prudent risk management, and cost efficiency. The System employs both active and passive strategies, targeting a 7.5% long-term return. Over the five years ending June 30, 2025, the total fund earned an annualized return of **9.8%**.

Looking Ahead

The CRS Board and staff continue to focus on strengthening governance, improving member experience, and achieving long-term funding goals. Following an independent fiduciary audit, CRS has implemented over 90% of recommended improvements, reinforcing our commitment to transparency and excellence in plan administration.

We thank our members, retirees, and stakeholders for their continued trust and support. CRS remains committed to its mission: helping members retire with dignity and confidence.

Sincerely,



Jon Salstrom
Executive Director

OVERVIEW AND PLAN SUMMARY



The Cincinnati Retirement System (CRS) is a Defined Benefit Plan, sponsored by the City of Cincinnati as a 401(a) Plan under the United States Internal Revenue Code and qualifies as a Social Security replacement plan. As a government retirement plan, the CRS is a qualified plan for tax purposes and is exempt from the provisions of Employee Retirement Income Security Act (ERISA). The CRS is established by Chapter 203 of the Cincinnati Municipal Code and is a qualified governmental plan (401A) for tax purposes pursuant to 26 USC § 414(d).

Available pension benefits are determined exclusively by the member's service credit years, plan multiplier, and average highest compensation. The CRS was established by Ordinance #412 1931 adopted by City Council on June 24, 1931, and became effective on August 1, 1931. It was the first retirement plan for general City employees in the State of Ohio. The creation of CRS predates the establishment of the Ohio Public Employees Retirement System (OPERS) and the Social Security System in 1935.

Our Mission: ***Help members retire successfully***

- Assure promised pension and healthcare benefits for current and future retirees
- Assist and support CRS members in achieving a successful retirement
- Assure CRS transparency and accessibility for all stakeholders

Established in 1931;

- Public employees in OH do not participate in Social Security
- CRS members can be eligible for Social Security through another employer

Administration & Governance

The Cincinnati Retirement System (CRS) is administered by the **Retirement Division** of the **City Manager's Office (CMO)**. The Division is managed by the **Executive Director**, who is appointed by the City Manager upon the recommendation of the CRS Board of Trustees. The staff of the Retirement Division report directly to the Executive Director.

The **CRS Board of Trustees** is composed of **nine members**:

- **3 Retired Members** – Elected by pensioners
- **2 Active Members** – Elected by current employees
- **4 Appointed Members** – Appointed by the Mayor of Cincinnati

CRS Board of Trustees Mission Statement

- Provide promised pension and healthcare benefits (where eligible) for current and future retirees
- Assist and support CRS members in achieving a successful retirement
- Assure CRS transparency and accessibility for all stakeholders

Understanding Defined Benefit Plans

The Cincinnati Retirement System is a **defined benefit (DB) plan**, which provides eligible employees with a guaranteed monthly retirement benefit for life.

Key Features:

- Employees and the City of Cincinnati both contribute to the Retirement System.
- Contributions are professionally managed and invested.
- Retirement benefits are calculated using a formula based on:
  - Average highest compensation
  - Years of service credit
  - Pension multiplier
- If you are vested and leave City employment before meeting retirement eligibility, you may:
  - Be eligible for a deferred benefit payable at retirement age, ***or***
  - Receive a lump sum refund of your contributions.
- CRS offers several pension payment options and additional benefits, described in detail in the full member guide.

How CRS is Funded

CRS benefits are funded from **three main sources**:

1) Employee Contributions

- Employees contribute **9%** of pensionable earnings via pre tax payroll deductions.

2) City Contributions

- The City of Cincinnati contributes **at least 16.25%** of payroll based on The Collaborative Settlement Agreement (CSA)

3) Investment Returns

- Managed by the CRS Board of Trustees and professional investment staff.

These combined resources are used to pay retirement benefits and administrative expenses.

The Board and CRS staff are committed to transparency, fiduciary integrity, and the financial security of its members.



See www.cincinnati-oh.gov/retirement/ **for more** information.

MEMBERSHIP AND DEMOGRAPHICS

Eligibility

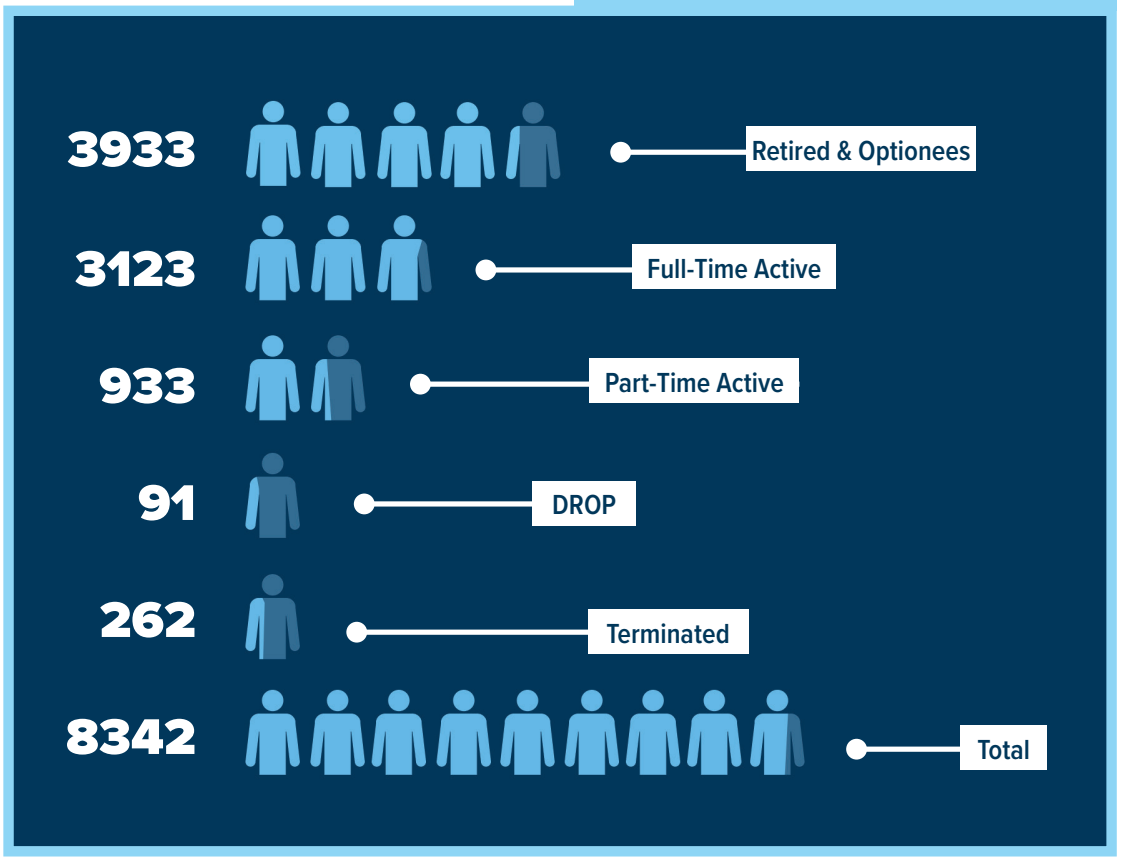
CRS covers **eligible City of Cincinnati employees**, excluding:

- Sworn Police and Fire personnel (covered by OP&F)
- Members of other Ohio retirement systems (e.g., OPERS)
- Elected Officials

CRS Membership Includes:

- Active Employees
- Deferred Vested Members
- Retirees and Beneficiaries (Optionees)

CRS FY2025 DEMOGRAPHICS



Member Benefits and Services

Core Benefits:

- Monthly Pension Benefits
- Retiree Healthcare (where eligible)
- Deferred Retirement Option (DROP)

Administrative Services Provided:

- Pension payroll administration
- Enrollment of new members
- Return of contributions processing
- Death benefit administration
- 457(b) Plan employer services administration
- Retiree healthcare processing and Medicare transition support
- Service purchase processing
- Survivor Benefits administration
- DROP administration and account distributions
- Member education and customer service

FINANCIAL SUMMARY



Assets and Liabilities

This table shows our assets and liabilities for the years ended June 30, 2023, 2024, and 2025. The fiduciary net position reflects the funds available at the end of the year to pay CRS Pension Benefits to our retired members or their beneficiaries, as well as health care insurance premium reduction payments for current and future retirees. The increase in fiduciary net position was primarily driven by strong investment returns and higher contributions resulting from the City's growing payroll. As of June 30, 2025, the fiduciary net position stood at $2.4 billion.

During 2025, the value of our assets increased by $86 million, largely due to an increase in the fair value of investments compared to their value at June 30, 2024.

	6/30/2023	6/30/2024	6/30/2025
Assets			
Cash and Cash Equivalents, Receivables	$ 50,463	$ 56,998	$ 51,876
Investments at fair value:	2,237,686	2,306,422	2,394,528
Collateral on Loaned Securities	18,499	21,619	25,177
Total Assets	**2,306,648**	**2,385,039**	**2,471,581**
Liabilities			
Accounts Payable	55,230	59,520	46,695
Obligations Under Securities Lending	18,499	21,619	25,177
Total Liabilities	**73,729**	**81,139**	**71,872**
Fiduciary Net Position restricted for benefits	**$ 2,232,919**	**$ 2,303,900**	**$ 2,399,709**

Income and Expenses

This table summarizes our income (additions) and expenses (deductions) for the fiscal years ended June 30, 2023, 2024, and 2025. In 2025, total additions from contributions and investment returns reached $319 million. Total deductions were approximately $223 million, with $219 million paid in retirement benefits including monthly CRS pension payments, health insurance premium reduction payments, death benefits, and DROP distributions to retirees and their beneficiaries.

Investment returns vary year to year; some years yield gains, while others may result in neutral or negative performance. In weaker years, we absorb the loss. As long-term investors, we focus on preserving and growing assets by minimizing costs, managing expenses, and pursuing long-term strategies to address funding challenges.

Our largest expense remains the payment of monthly CRS pension and health benefits to retirees and beneficiaries. Investment expenses, which are netted against earnings, totaled approximately $10 million in 2025. Administrative expenses cover essential operations including staffing, professional services, IT, depreciation, and building costs. Combined, investment and administrative expenses represented less than 1% of CRS's assets under management.

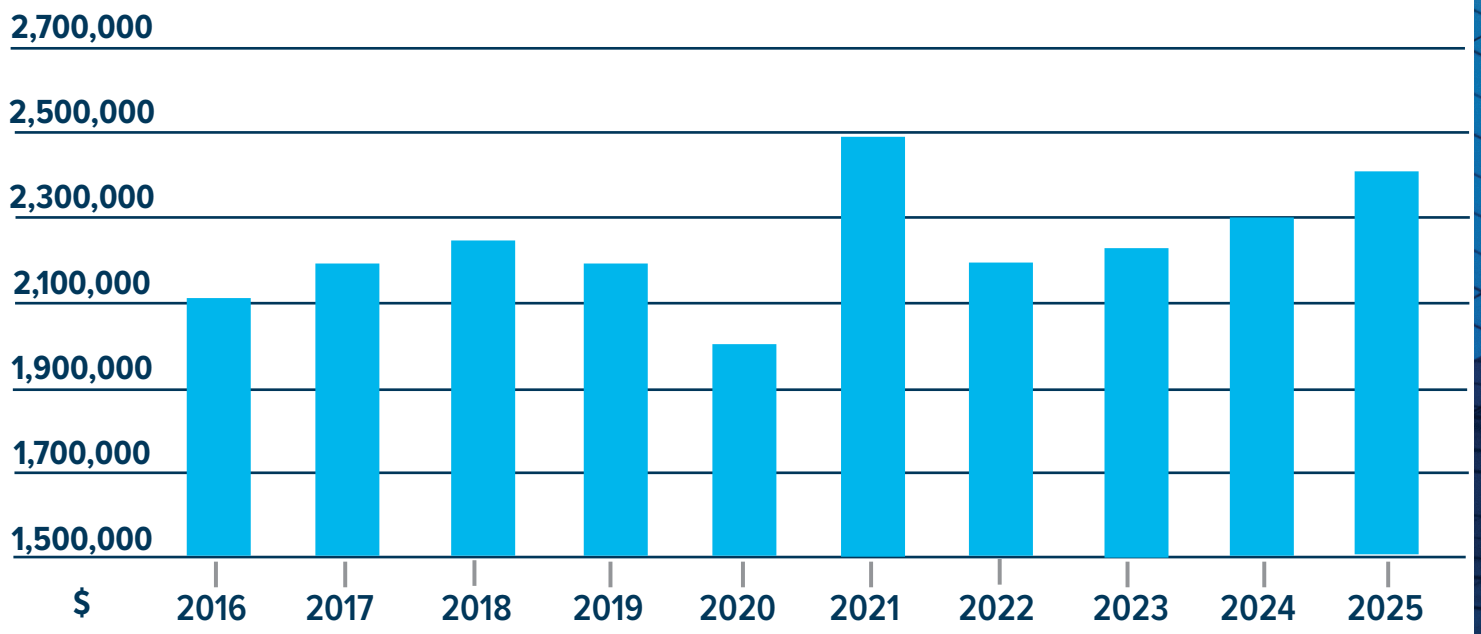
In 2025, net investment earnings increased by $15 million compared to 2024, driven by favorable market conditions. Benefits paid remain approximately same as in 2024.

	6/30/2023	6/30/2024	6/30/2025
Additions			
Member Contribution	$ 21,963	$ 23,543	$ 26,068
Employer Contribution	42,963	47,353	54,001
Transfer From Other Retirement System			
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	160,458	223,338	241,270
Earnings on Investment	10,515	10,327	8,187
Less Investment Expense	(7,550)	(9,206)	(10,031)
Net Income (Loss) From Securities Lending	(121)	(182)	(134)
Total Additions	0	0	234
	228,228	295,173	319,595
Deductions			
Member Benefits and Refunds	218,423	221,483	221,061
Administrative Expenses	2,424	2,709	2,725
Total Deductions	**220,847**	**224,192**	**223,786**
Fiduciary Net Position Restricted for Benefits	**$ 2,232,919**	**$ 2,303,900**	**$ 2,399,709**

10 Year Snapshot

Our Fiduciary net position represents assets available to pay pension benefits. The fund was $2.4 billion at the end of fiscal year June 30, 2025. Most asset classes performed significantly better in 2025 than 2024.

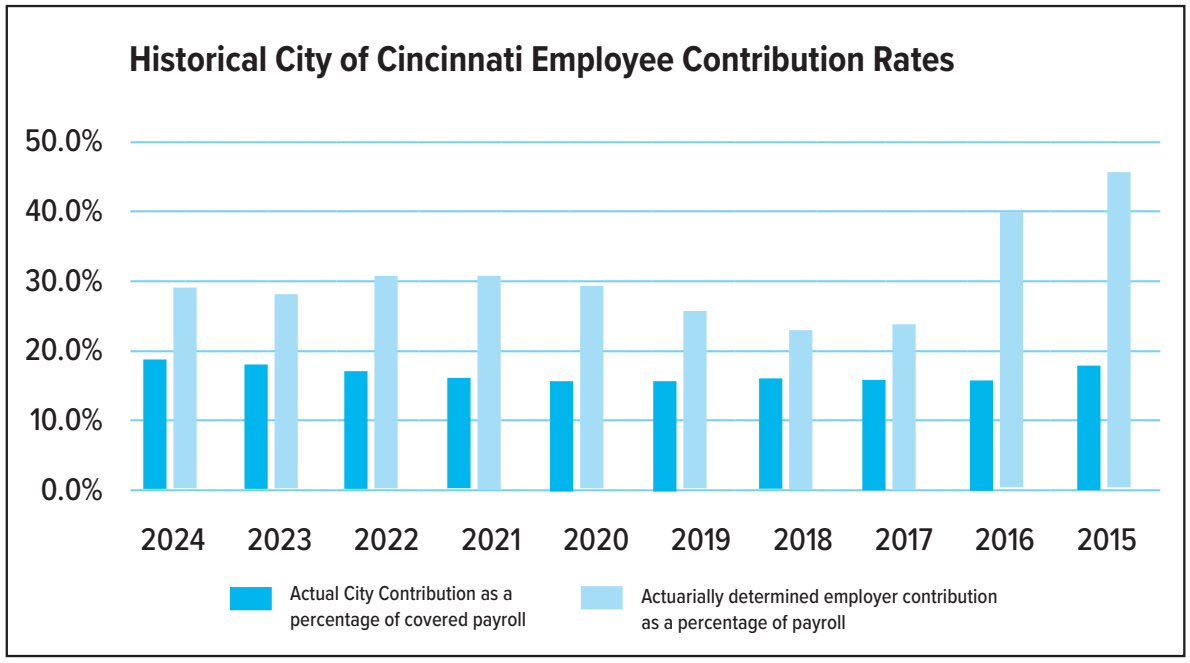
Net Position Value of Assets



FUNDING PROGRESS

Historical Contribution rates from Employer and Employee

Contribution Rates as of June, 30	2025	2024	2023	2022	2021	2020	2019
Actuarially determined employer contribution	77,940	75,831	68,354	70,017	67,309	63,405	52,709
Total Actual Employer Contributions	54,001	47,353	42,963	38,774	34,425	34,410	33.763
Annual Contribution Deficiency / (excess)	23,939	28,478	25,391	31,243	32,884	28,995	18,946
Covered Payroll	277,684	260,209	242,989	226,762	218,178	218,451	215,683
Actual City Contribution as a Percentage of Covered Payroll	19.5%	18.2%	17.7%	17.1%	15.8%	15.8%	15.7%
Actuarially Determined Employer Contribution as a Percentage of Payroll	28.1%	29.1%	28.1%	30.9%	30.9%	29.0%	24.4%



Current & Historical Funding Status *

Year	Pension	OPEB
2025	67.2%	163.0%
2024	65.6%	142.1%
2023	51.4%	146.0%
2022	52.8%	142.6%
2021	75.6%	142.2%
2020	41.3%	120.5%
2019	57.9%	74.7%
2018	74.7%	86.8%
2017	76.9%	95.4%
2016	74.5%	0.0%
2015	52.0%	0.0%

Refer to "Understanding Valuation and Funded Ratio Differences" on page 14 for detailed information.



Healthcare Trust

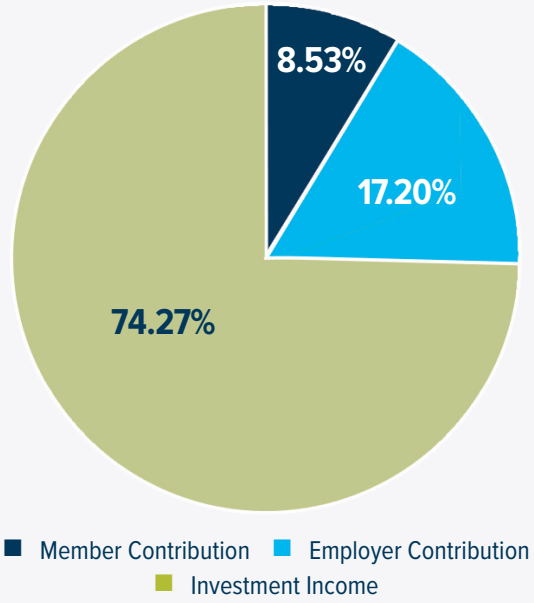
- **Status:** Fully funded
- **Funding Policy Adopted:** 2023 (approved by federal court in 2024)
- **Trigger Level:** Contributions increase if funded ratio falls below 90%

Where does funding come from (last 3-year average from "additions" table at right):

- **Investment returns – 74.27%**
- **Employer contributions – 17.20%**
- **Employee contributions – 8.53%**



Funding Source 3yr Average



Pension Trust

- **Goal:** 100% funded by 2045
- **Current Funded Ratio:** 67.2%
- **City Contributions in CY2025:** 17.75% of payroll
- **Actuarially Determined Contribution (ADC):** 28.1% of payroll
- **City's Actual Contribution:** 19.5% of payroll includes ERIP and Stabilization fund contribution

(page 165 of ACFR)

INVESTMENTS GOVERNANCE

Return Objectives *

The primary return objectives of the System are to:

(a) preserve the safety of principal,
(b) earn the highest possible total return consistent with prudent levels of risk, ***and***
(c) create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions and professional management of the System assets.

Risk Tolerance

While achieving the return objectives, the System can tolerate certain levels of risk, which are:

(a) to accept prudent levels of short and long term volatility consistent with the near term cash flow needs, funding level, and long term liability structure of the System,
(b) to tolerate appropriate levels of downside risk relative to the System's actuarial assumed rate of return. In doing so, the Board of the Trustees will attempt to minimize the probability of underperforming the System's actuarial assumed rate of return over the long term and to minimize the shortfall in the event such underperformance occurs,
(c) to accept prudent variances in the asset allocation structure of the System relative to the broad financial markets and peer groups, ***and***
(d) to tolerate prudent levels of short term underperformance by the System's investment managers.

**Refer to "Return Calculation and Interpretation" on page 14 for detailed information.*

CRS Investment Beliefs:

Time Horizon – The Board of Trustees maintains a long term investment horizon, recognizing that our obligations extend far into the future. Investment decisions are aimed at providing sustainable returns over the long term, rather than focusing solely on short term market fluctuat ions.

Strategic Asset Allocation – A long term strategic asset allocation will be adopted, and assets will be rebalanced regularly. However, in times of extreme market dislocations, tactical adjustments will be considered. The Board of Trustees recognizes that, if properly compensated for the risk, tactical shifts could benefit the portfolio.

Diversification – The Board of Trustees recognizes the importance of diversification across asset classes, geographies, and investment strategies. Diversification helps to mitigate risk and enhance the resilience of our portfolio against market volatility. However, over diversification is to be avoided, and investments must be sizable enough to impact the overall portfolio.

Efficient Markets – The Board of Trustees subscribes to modern portfolio theory which means that generally over long periods of time, major market segment asset prices reflect all available information and that consistently exceeding market returns on a risk adjusted basis is improbable.

Risk – An appropriate level of risk is necessary to achieve desired long term investment returns. Risk should be discussed in terms of balancing desired returns with tolerance for volatility, tracking error, beta, value at risk, and maximum draw down. The portfolio risk should be evaluated based on the System's investment capacity to recover from adverse market volatility. Since no single metric adequately conveys risk, the Board of Trustees will evaluate risk holistically, incorporating quantitative and qualitative assessments into management of the portfolio.

Active vs. Passive – In markets where evidence suggests that security prices are efficiently set, passive (indexed) market strategies will be employed. Conversely, in less efficiently priced markets, the Board of Trustees will use active management strategies.

Private Markets/Illiquid Strategies – Private markets/illiquid strategies can add value when an appropriate illiquidity premium is expected to be captured. The Board of Trustees has the ability and risk tolerance to invest in illiquid strategies.

The following chart reflects the annual rates of return including 1 year, 5 year & 10 year annualized returns.*

Returns (as of June 30)

Annual CRS Pension Rates of Investment Return & Funded Status

Plan Year	Actuarial Rate of Return	CRS Return	Funded Status
2015*	7.5%	1.0%	52.0%
2016	7.5%	-0.5%	74.5%
2017	7.5%	12.1%	76.9%
2018	7.5%	7.8%	74.7%
2019	7.5%	4.2%	57.9%
2020	7.5%	-1.1%	41.3%
2021	7.5%	26.2%	75.6%
2022	7.5%	-3.9%	52.8%
2023	7.5%	8.3%	51.4%
2024	7.5%	9.7%	65.6%
2025	7.5%	10.4%	67.2%

*CSA
**Marquette Associiates

		Median Peer Plan Return**
10-Year Compound Return	7.0%	6.8%
5-Year Compound Return	9.8%	8.6%
3-Year Compound Return	9.4%	9.1%

*Refer to "Return Calculation and Interpretation" on page 14 for detailed information.

Asset Allocation
(2024 Target Mix)

The Board of Trustees, with the assistance of the Investment Consultant, will conduct a strategic asset allocation study and an asset/liability study every 3 to 5 years. Tactical studies may take place more frequently in times of extreme market dislocations. They will take into consideration applicable statutes, the actuarial rate of return of the System, the long-term nature of the asset pool, the cash flow needs of the System, and the general asset allocation structure of their peers. They will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the System at a prudent level of risk.



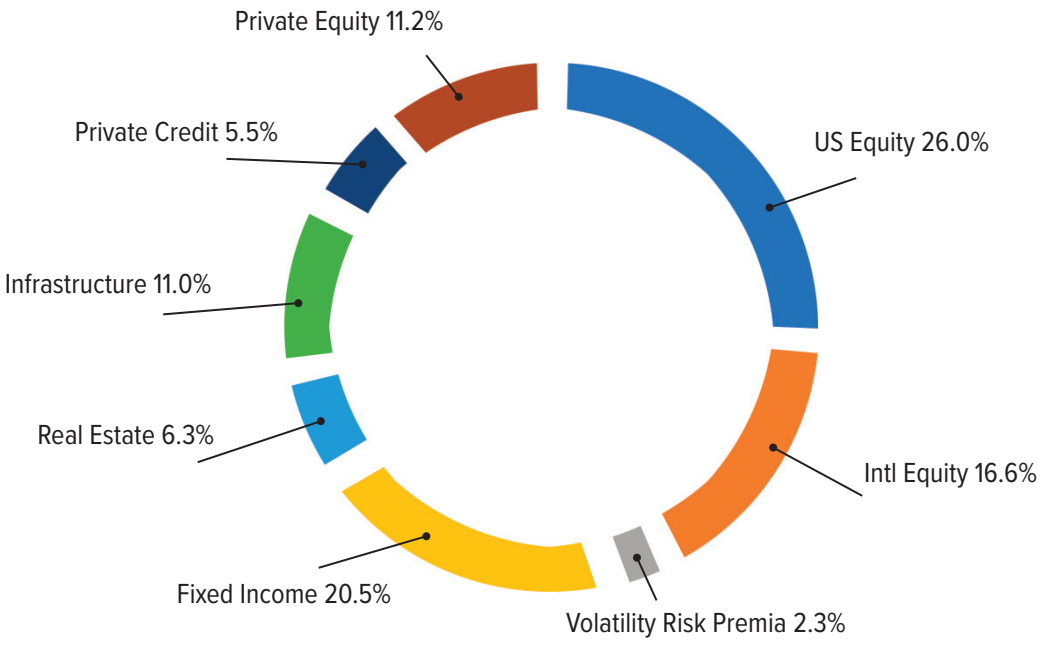
Return Over Unit of Risk (Standard Deviation):

More efficient use of risk relative to peers and policy benchmark

5 yrs as of June 30,2024	Return	Standard Deviation
Total Fund	7.4%	8.8%

Asset Class	Lower Strategic Band	Target %	Actual %	Upper Strategic Band	Benchmark Index
Domestic Equity	16.5%	**28.5%**	**26.0%**	37.5%	Russell 3000
International Equity	11.0%	**16.0%**	**16.6%**	23.0%	MSCI ACWI ex. U.S.
Vol Risk Premia	1.0%	**2.5%**	**2.3%**	4.0%	CBOE Put/Write Index
Fixed Income	15.0%	**22.5%**	**20.5%**	28.0%	Bloomberg U.S. Aggregate
Real Estate	2.0%	**6.0%**	**6.3%**	8.0%	NCREIF ODCE
Infrastructure	5.0%	**10.0%%**	**11.0%**	15.0%	T-Bill + 4%
Private Debt	0.0%	**6.5%**	**5.5%**	8.0%	Burgiss Global Private Credit
Private Equity	0.0%	**8.0%**	**11.2%**	14.0%	Burgiss Global All PE
Total		**100.00%**			

Investment Asset Allocation





ADDENDUM

Understanding Valuation and Funded Ratio Differences *(from page 9)*

The Cincinnati Retirement System reports asset values and funded ratios under two separate frameworks, each serving a different purpose.

The PAFR, prepared in accordance with GASB Statements No. 67 and 68, reports assets at fair value as of the fiscal year-end and presents a funded ratio intended for financial reporting and comparability across public pension plans.

The actuarial valuation report, prepared on a calendar year by the System's independent actuary, measures funded status using methods and assumptions designed to support funding policy, contribution requirements, and long-term sustainability. This valuation may incorporate techniques such as asset smoothing, different measurement dates, and actuarial assumptions that differ from those used for financial reporting.

As a result, funded ratios and asset values reported in the ACFR and the actuarial valuation report will generally differ. Both are appropriate for their respective purposes and should not be directly compared.

Return Calculation and Interpretation *(from page 11)*

Investment returns presented in this PAFR are intended to reflect the overall investment experience of the Retirement System and therefore incorporate the impact of contributions, benefit payments, and other cash flows. Accordingly, PAFR investment returns are calculated using a cash-weighted (money-weighted) methodology.

For investment oversight purposes, the Board of Trustees and staff rely on performance reports prepared by the System's independent investment consultant. Consultant-reported returns are calculated on a time-weighted basis, which removes the effect of external cash flows and is the appropriate methodology for evaluating investment manager performance and compliance with policy benchmarks.

Due to these methodological differences, investment returns presented in this PAFR should not be directly compared to consultant-reported returns. Both measures are appropriate for their respective purposes.

CRS HIGHLIGHTS

Key Improvements & Activities

- Healthcare funding policy finalized in 2024
- Add Member Counselor 1Q 2024
- Publish new Member Handbook 2025
- Publish a Retiree Handbook in 2025
- 1-on-1 retirement counseling mtgs 2024
- Regular Retirement 101 trainings for actives
- Open MemberDirect portal for Retirees in 2024
- Outreach to deferred and non-vested members

Our mission is helping our members have a successful retirement!!

Fiduciary Audit (Governance Report)

In accordance with its fiduciary duty, the Cincinnati Retirement System Board of Trustees engaged Funston Advisory Services to complete a fiduciary audit, entitled Cincinnati Retirement System Governance Review. The Funston report is available on the CRS website. https://www.cincinnatioh.gov/retirement

The purpose of the engagement is to review Cincinnati Retirement System (CRS) standards and practices and compare them to peer systems and system benchmarks. The six areas of focus are:

1) Legal and Regulatory
2) Governance Framework
3) Investment Program and Operations
4) Pension Operations
5) Administrative Operations, *and*
6) Compliance

Overall, the report concludes that the CRS Board of Trustees has been functioning effectively, the Director and the staff have been effectively providing services to active and retired members, and relations among the Board, CRS staff and other City departments have been collaborative and cordial.

As part of the report there were thirty seven recommendations for improvement. Over the past 18 months the Board has worked with administration and staff to review all recommendations and act on approximately 90% of recommendations.