

October 16, 2017

HPAE Retiree Medical Trust – An Update for the SEC

Participation of HPAE Locals in the Retiree Medical Trust

Over 5,600 HPAE members in twelve locals and the HPAE staff are currently active participants in the Trust and several thousand more HPAE retirees are eligible for reimbursement benefits.

Here is the list of participating HPAE locals:

1. Bergen Regional Medical Center (RNs and non-nursing professionals)
2. Christ Hospital (RNs)
3. Cooper University Hospital and Medical Center (RNs)
4. Cornerstone Behavioral Health Hospital (RNs)
5. Englewood Hospital and Medical Center (RNs)
6. HPAE Staff (administrative support and professional staff)
7. Inspira @ Vineland, Elmer, Bridgeton (RNs)
8. Inspira Woodbury (RNs)
9. Jersey Shore Medical Center/Meridian (RNs)
10. Meadowlands Hospital and Medical Center (RNs and Techs)
11. Palisades Medical Center (RNs and non-nursing professionals)
12. Southern Ocean Medical Center/Meridian (RNs)
13. Virtua/Memorial Hospital and CNS (RNs)

Financial Status of the Trust (as of September 30, 2017)

The Trust's assets have grown considerably this year, from \$13.5 million in January to **\$15.8 million as of Sept. 30, 2017**. In addition to employee/employer contributions (over \$160,000 each month), we have gotten strong returns on our investments.

Since Payden & Rygel, the Trust's investment manager, began to manage the Trust's assets in February 2008 the return on investments has been **8.4% on an annual basis (net of all fees)**.

See the attached investment report for the 3rd quarter of 2017.

The Plan Has Become More User-Friendly

In May 2017, Trust participants gained online access to their work history, contributions, and annual participant statements. To access this information, go to <https://www.benserconj.com/HPAE.html> and click on the "Participant Login" button. You will need to register with a user name and password to access your personal data.

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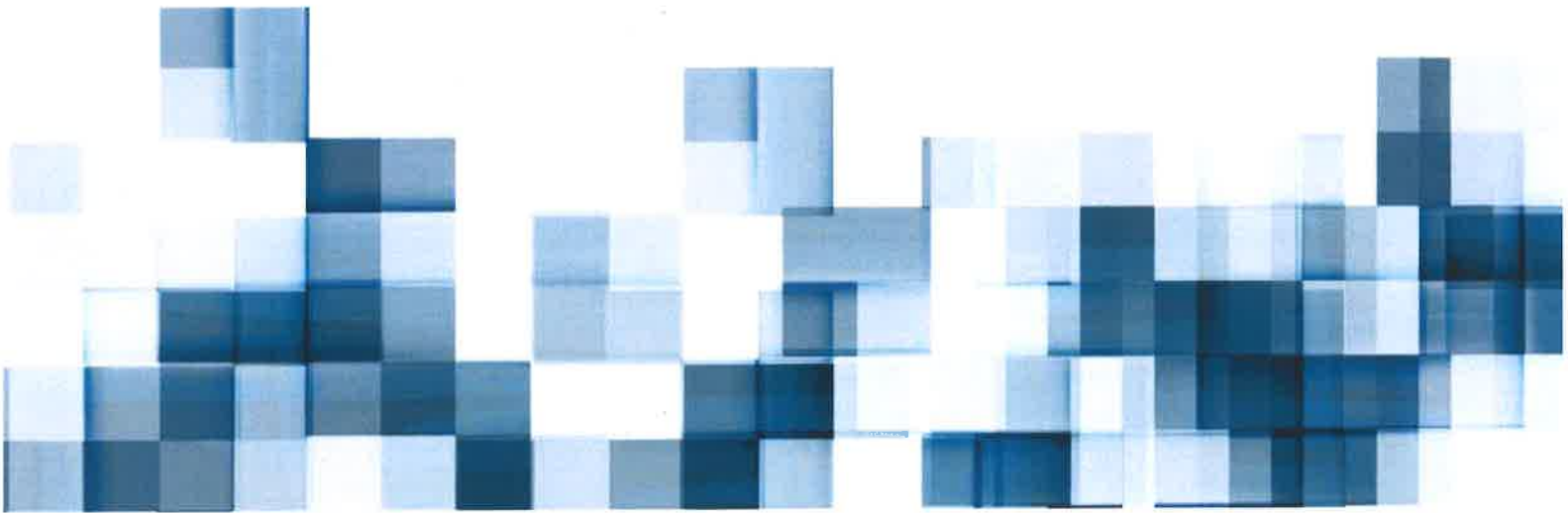
In addition, HPAE members who participate in the Retiree Medical Trust can now calculate their estimated monthly medical reimbursement benefits when they plan to retire and the total amount of medical reimbursements that they will receive after retirement by using an *Online Estimated Benefit Calculator*. Go the HPAE website at <http://www.hpae.org/2017/06/rmt-benefits-calculator/> to calculate an estimate of your retiree medical reimbursement benefits.

Mike Slott

Payden & Rygel
QUARTERLY PORTFOLIO REVIEW

**Health Professionals & Allied
Employees, AFT/AFL-CIO
Retiree Medical Trust**

3rd Quarter 2017



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Portfolio Review and Market Update - 3rd Quarter 2017

PORTFOLIO CHARACTERISTICS (As of 9/30/2017)

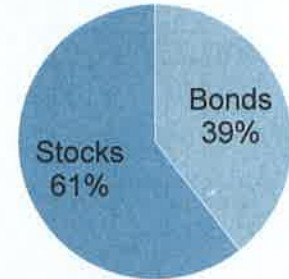
Market Value: \$15.7 million
 Portfolio Yield: 2.4%

Stocks

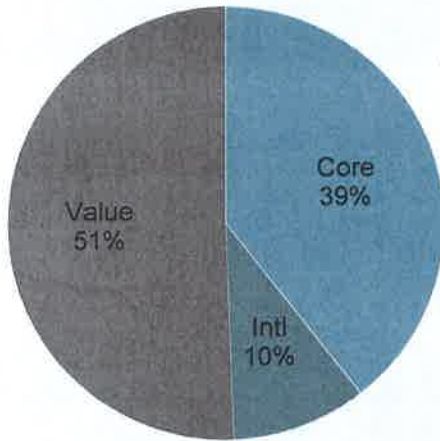
PE Ratio 20x
 Avg Market Cap \$141.8 B
 Distribution Yield 2.2%

Bonds

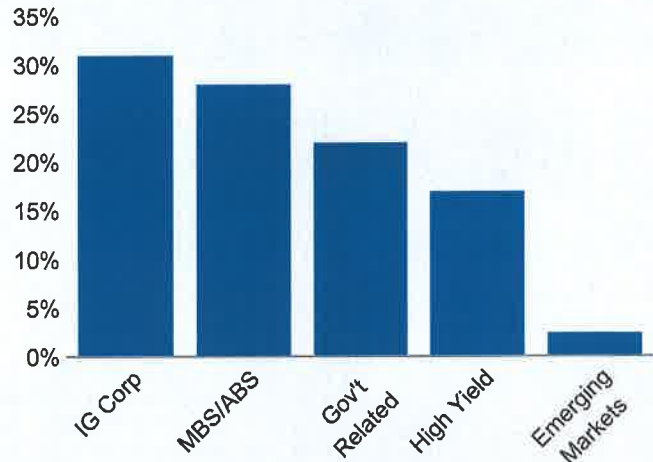
Avg Credit Quality A
 Avg Duration 4.9 yrs
 SEC Yield 2.7%



STOCKS



BONDS



PORTFOLIO RETURNS (net of fund expenses) - Periods Ending 9/30/2017

	3rd Quarter	2017 YTD	Trailing 1 Yr	Trailing 3 Yr	Trailing 5 Yr	Since Inception (2/25/08)
HEALTH PROFESSIONALS & ALLIED EMPLOYEES, AFT/AFL-CIO RETIREE MEDICAL TRUST	3.2%	8.8%	10.0%	7.0%	8.7%	8.4%

Periods over one year annualized

Payden PRAAM Asset Allocation Fee of 0.25% on assets managed outside of Payden funds.



Health Professionals and Allied Employees, AFT/AFL-CIO
RETIREE MEDICAL TRUST

140 Sylvan Avenue - Suite 303
Englewood Cliffs, NJ 07632

TO: BOARD OF TRUSTEES
HPAE RETIREE MEDICAL TRUST

DATE: OCTOBER 16, 2017

FROM: QUATARA CARTER, CLIENT SERVICES MANAGER

RE: ADMINISTRATOR'S REPORT

WE ARE PLEASED TO REPORT ON THE STATUS OF THE FOLLOWING TRUST MATTERS:

1. PARTICIPATING HOSPITALS. CURRENTLY, THIRTEEN (13) EMPLOYERS HAVE SIGNED AGREEMENTS TO PARTICIPATE IN THE RETIREE MEDICAL TRUST. FOLLOWING IS THE STATUS OF EACH EMPLOYER:

HOSPITAL	NUMBER OF EMPLOYEES CONTRIBUTING	AVERAGE MONTHLY CONTRIBUTION	FIRST MONTH OF CONTRIBUTIONS
COOPER UNIVERSITY HOSPITAL & MEDICAL CENTER	1030	\$30,516	JANUARY 2007
MEADOWLANDS HOSPITAL & MEDICAL CENTER	53	\$1,505	MARCH 2007
PALISADES MEDICAL CENTER	282	\$8,584	MARCH 2007
CHRIST HOSPITAL	299	\$8,924	AUGUST 2007
HPAE	36	\$1,177	JULY 2007 – EMPLOYER CONTRIBUTION
ENGLEWOOD HOSPITAL & MEDICAL CENTER	565	\$17,294	FEBRUARY 2008
VIRTUA/MEMORIAL HOSPITAL	648	\$18,149	FEBRUARY 2008
CORNERSTONE BEHAVIORAL HEALTH	26	\$526	JANUARY 2010 – EMPLOYER CONTRIBUTION
JERSEY SHORE MEDICAL CENTER	991	\$29,865	SEPTEMBER 2010
SOUTH JERSEY MEDICAL CENTER	714	\$20,725	JUNE 2015
SOUTHERN OCEAN MEDICAL CENTER	258	\$6,681	JANUARY 2016
INSPIRA/WOODBURY HEALTHCARE	368	\$10,511	FEBRUARY 2016
BERGEN REGIONAL MEDICAL CENTER	376	\$11,778	OCTOBER 2016
TOTAL	5646	\$166,235	

2. CLAIM ACTIVITY

DURING THE NINE (9) MONTHS ENDING SEPTEMBER 30, 2017, THE TRUST PAID BENEFITS TOTALING \$48,814.66 ON BEHALF OF 122 PARTICIPANTS, OF WHICH 77 PARTICIPANTS WERE REGULAR BENEFICIARIES AND 45 PARTICIPANTS WERE LIMITED BENEFICIARIES.

3. FINANCIAL INFORMATION

ATTACHED IS AN ASSET STATEMENT AND INCOME AND EXPENSE STATEMENT FOR THE TRUST AS OF SEPTEMBER 30, 2017.

**HEALTH PROFESSIONALS AND ALLIED EMPLOYEES
RETIREE MEDICAL TRUST
STATEMENT OF FINANCIAL CONDITION
SEPTEMBER 30, 2017
UNAUDITED**

ASSETS

	SEPTEMBER 30, 2017
CASH & CASH EQUIVALENTS	223,366
INVESTMENTS	<u>15,597,570</u>
TOTAL ASSETS	15,820,936

LIABILITIES AND NET ASSETS AVAILABLE

NET ASSETS	<u>15,820,936</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>15,820,936</u></u>



**HEALTH PROFESSIONALS AND ALLIED EMPLOYEES
RETIREE MEDICAL TRUST
COMPARATIVE INCOME STATEMENT
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016
MODIFIED CASH BASIS UNAUDITED**

	9/30/2017	9/30/2016	DIFFERENCE	% DIFFERENCE
INCOME				
MANDATORY EMPLOYEE CONTRIBUTIONS	1,391,588.78	1,231,638.13	159,950.65	12.99%
EMPLOYER CONTRIBUTIONS	15,985.16	19,216.51	(3,231.35)	-16.82%
COBRA CONTRIBUTIONS	91.20	973.60	(882.40)	-90.63%
TOTAL INCOME	1,407,665.14	1,251,828.24	155,836.90	12.45%
BENEFITS				
LIMITED BENEFICIARY	22,766.76	18,398.75	4,368.01	23.74%
REGULAR BENEFICIARY	28,978.72	14,318.14	14,660.58	102.39%
TOTAL BENEFITS	51,745.48	32,716.89	19,028.59	58.16%
GROSS	1,355,919.66	1,219,111.35	136,808.31	11.22%
OPERATING EXPENSES:				
ADMINISTRATIVE FEE	130,233.00	123,288.16	6,944.84	5.63%
ACTUARY	6,216.00	4,300.00	1,916.00	44.56%
ACCOUNTING	13,657.04	16,301.00	(2,643.96)	-16.22%
BANK CHARGES	443.04	447.50	(4.46)	-1.00%
FIDUCIARY INSURANCE	10,731.61	10,481.14	250.47	2.39%
LEGAL	29,843.36	27,299.00	2,544.36	9.32%
PCORI FEES	3,245.00	2,102.00	1,143.00	54.38%
PRINTING & POSTAGE	21,638.82	17,376.62	4,262.20	24.53%
PENSION BENEFIT INFORMATION	222.00	0.00	222.00	100.00%
PAYROLL AUDITS	3,650.00	19,965.00	(16,315.00)	-81.72%
TRUSTEE MEETING EXPENSES	323.66	143.26	180.40	125.92%
TOTAL OPERATING EXPENSES	220,203.53	221,703.68	(1,500.15)	-0.68%
NET INCOME FROM OPERATIONS	1,135,716.13	997,407.67	138,308.46	13.87%
INVESTMENT INCOME				
DIVIDEND INCOME - INVESTMENTS	235,917.20	185,005.64	50,911.56	27.52%
NET APPRECIATION(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	992,021.13	644,281.26	347,739.87	53.97%
TOTAL INVESTMENT INCOME	1,227,938.33	829,286.90	398,651.43	48.07%
INVESTMENT EXPENSES				
INVESTMENT MANAGEMENT FEE	9,412.00	9,672.00	(260.00)	-2.69%
TOTAL INVESTMENT EXPENSE	9,412.00	9,672.00	(260.00)	-2.69%
NET INVESTMENT INCOME	1,218,526.33	819,614.90	398,911.43	48.67%
NET INCOME	2,354,242.46	1,817,022.57	537,219.89	29.57%