MEMPHIS LIGHT, GAS AND WATER DIVISION
RETIREMENT AND PENSION SYSTEM

Financial Statements

Years Ended December 31, 2025 and 2024

Prepared by: MLGW Pension Department Staff
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MEMPHIS LIGHT, GAS AND WATER DIVISION
RETIREMENT AND PENSION SYSTEM
Memphis, Tennessee

Years Ended December 31, 2025 and 2024

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Letter of Transmittal

MEMPHIS LIGHT, GAS AND WATER DIVISION

RETIREMENT AND PENSION SYSTEM

To the Members of the MLGW Pension Board and MLGW Board of Commissioners:

We are pleased to submit the Annual Report of Memphis Light, Gas and Water Division ("MLGW" or "the Division") Retirement and Pension System (the "Plan") for the fiscal year ended December 31, 2025. This report has been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP").

Management is responsible for the preparation and fair presentation of the information. Notes have been included to assist the reader in understanding the financial statements.

The MLGW Plan's 2025 financial statements have been audited by Forvis Mazars, LLP certified public accountants. The goal of the independent audit was to obtain reasonable assurance that the financial statements of the Plan for the fiscal year ended December 31, 2025, were free from material misstatements. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements as well as evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management.

The independent auditor issued an unmodified opinion on the Plan's financial statements for the year ended December 31, 2025. The independent auditor's report is presented as the first component of the report.

Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments* ("GASB 34") requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis ("MD&A"). GASB Statement No. 103, *Financial Reporting Model Improvements* was issued to refine the governmental financial reporting framework established by GASB Statement No. 34. GASB Statement No. 103 seeks to improve transparency and usefulness of financial reporting for state and local governments. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Plan's MD&A can be found immediately following the report of the independent auditor.

Profile of the Plan – The Memphis Light, Gas and Water Division, a division of the City of Memphis, under a resolution by the Board of Commissioners, established the Memphis Light, Gas and Water Division Retirement and Pension System (the "Plan") to recognize and reward employee contributions to the operations of the Division. The MLGW Pension Plan, which was amended and restated effective July 1, 2025, is part of the Division's overall plan to provide for the future security of its employees and their family members. The MLGW Pension Plan is a single employer defined benefit plan.

The MLGW Pension Plan is funded by contributions made by the employees and by the Division. Benefits under the MLGW Pension Plan normally are paid upon retirement (service, disability, or deferred), death (to survivors), or separation of service (to those who leave the Division prior to retirement). Additionally, the MLGW Pension Plan honors claims presented under plan approved domestic relation orders (PADRO) if the order relates only to the provision of marital property rights for the benefit of a former spouse of a participant. Accordingly, benefits are also paid upon court order to alternate payees, which are former spouses, of retired participants or terminated employees. The MLGW Pension Plan is administered by the MLGW Pension Board under the direction of the Board of Commissioners.

The MLGW Pension Board establishes the policies of the MLGW Pension Plan. The Board is comprised of one member of the Board of Commissioners of the Division (who serves as Chairman of the Pension Board), the President of the Division (who serves as Vice-Chairman), the Secretary-Treasurer of the Division, two active Participants who have vested rights under the MLGW Pension Plan and who are elected by Participants, one retired Participant who is elected by retired Participants, and one citizen of Shelby County who is appointed by the Board of Commissioners of the Division. The members of the Pension Board serve without compensation.

The MLGW Pension Board shall fulfill the duties of the fiduciary responsible for MLGW Pension Plan administration and shall have overall control of the administration of the Plan, with all powers and discretion necessary to enable it to properly carry out its duties; provided the responsibility and authority to administer to the Plan on a day-to-day basis shall be delegated to the Pension Department.

Funded Status – As of January 1, 2026, the Plan was 88.33% funded. Total Pension Liability was $1,890.0 million and the Plan Fiduciary Net Position was $1,669.3 million, resulting in a Net Pension Liability of $220.6 million. The covered payroll was $222.1 million.

Acknowledgements – The annual report of the Memphis Light, Gas and Water Division Retirement and Pension System was assembled through the combined efforts of the MLGW Pension Department, various finance professionals within the Division, the Plan's actuary, its custodian, and investment consultants. Their cooperation and assistance were essential and greatly appreciated. We would like to thank all personnel who contributed to the preparation of this report. Special thanks must also be given to Forvis Mazars, LLP, for their efficient and timely completion of this year's audit.

Respectfully submitted,

Doug McGowen
President & CEO

Rodney Cleek

Rodney Cleek
VP, CFO & Secretary-Treasurer

MEMPHIS LIGHT, GAS AND WATER DIVISION
RETIREMENT AND PENSION SYSTEM
Memphis, Tennessee

Pension Board Members

Mitch Graves
Chairman

Doug McGowen
Vice Chairman

Rodney Cleek
Secretary-Treasurer

Chandrika Winston-Rosser
Employee Member
Term Expires:12/31/2027

Randy Orsby
Employee Member
Term Expires: 12/31/2028

Jerry R. Collins, Jr.
Retired Member
Term Expires: 12/31/2026

Matthew Johnson
Citizen Member
Term Expires: 11/30/2027

The Memphis Light, Gas and Water Pension Plan provides that the Pension Board shall fulfill duties of the fiduciary responsible for Plan administration and shall have overall control of the administration of the Plan, with all powers and discretion necessary to enable it to properly carry out its duties set forth in the Plan. The responsibility and authority to administer the Plan on a day-to-day basis is delegated to the Pension Department.

PROFESSIONAL CONSULTANTS

The MLGW Pension Plan contracts with several independent consultants to provide services that are vital to the professional and successful operation of the Plan.

INVESTMENT CONSULTANT
CBIZ Investment Advisory Services, LLC

Robert A. Longfield Jr., CFA
Executive Vice President & Senior Consultant

Brian Jones
Senior Vice President & Senior Consultant

CONSULTING ACTUARY
Segal Consulting

Jeffrey S. Williams, FCA, ASA, EA, MAAA
Vice President and Consulting Actuary

Byan Clubb, ASA, MAAA, EA
Consulting Actuary

CUSTODIAN
Northern Trust Corporation

Paul Dugan
Second Vice President | Relationship Manager
Asset Owner Segment

Benjamin J. Chow
Second Vice President | Senior Consultant
Client Business Solutions Consulting (CBS)

LEGAL CONSULTANT
Evans & Petree, PC

Frank Stockdale Carney
Attorney at Law

Elizabeth Friary
Attorney at Law

DEATH AUDIT CONSULTANT
ABL Tech

William Nguyen
Customer Success Manager

FISCAL YEAR UPDATES

In January of 2025, the Pension Department held an election to fill the Employee Member vacancy created when Mr. Rodney Cleek succeeded Mr. Dana Jeanes as the Secretary-Treasurer of the Board. Since no candidate received 50% of the vote, a run-off election was held in February. Mr. Randy Orsby, who manages Procurement Contracts, was ultimately elected and officially welcomed as the new Employee Member at the Pension Board Meeting on February 19, 2025. Mr. Orsby completed the remainder of Mr. Cleek's term which expired December 31, 2025. He was subsequently re-elected to serve a full three-year term beginning January 1, 2026, until December 31, 2028. That announcement was made during the December 17, 2025, Pension Board meeting.

During the July 16, 2025, Pension Board meeting, Mr. Terrell Davis, manager of Treasury Management, reported that a Request for Proposal, RFP, was issued for custody services under a 5-year contract, including asset safekeeping, trade settlement, and account evaluation for the Pension Fund. Two responses were received: State Street Bank and Northern Trust, the MLGW Plan's existing custodian. After evaluating both firms and their responses to the RFP, Treasury recommended Northern Trust for the Custody Service Agreement. The Pension Board voted unanimously to award the RFP to Northern Trust.

During that same July meeting, Mr. Frank Carney explained that when a plan has four or more amendments, it is consolidated into one document. He noted that red-line versions of past amendments were shared via email and have now been merged into a single plan. Mr. Carney recommended adopting this as the official plan document. Additionally, the summary plan description in the employee handbook has been updated to reflect one change which was an increase in the minimum pension amount. The Pension Board unanimously adopted the 2025 Restated Final MLGW Plan and the 2025 MLGW Summary Plan Description.

Financial Section

Independent Auditor's Report
Forvis Mazars, LLP

Forvis Mazars, LLP
1715 Aaron Brenner Dr. Suite 701
Memphis, TN 38120
P 901.761.3000 | F 901.761.9667
forvismazars.us

Independent Auditor's Report

Board of Commissioners and Management
Memphis Light, Gas and Water Division
Retirement and Pension System
Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Memphis Light, Gas and Water Division Retirement and Pension System (the "Plan"), a fiduciary fund of the City of Memphis, Tennessee, which comprise the statements of fiduciary net position as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2025 and 2024, and the respective changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statements are those of Memphis Light, Gas and Water Division Retirement and Pension System. The financial statements do not purport to present the financial position of the Light, Gas and Water Division of the City of Memphis or the City of Memphis as of December 31, 2025 and 2024, and the respective changes in their financial position or, where applicable, their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, in 2025, the Memphis Light, Gas, and Water Division Retirement and Pension System adopted Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the Schedule of Changes in Retirement and Pension System's Net Pension Liability (Asset), the Schedule of Division's Contributions to the Retirement and Pension System, and Schedule of Investment Returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2026, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Memphis Light, Gas and Water Division Retirement and Pension System's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Memphis, Tennessee
June 12, 2026

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The Memphis Light, Gas and Water Division ("MLGW") Retirement and Pension System (the "Pension Plan") financial report includes the following components:

A. Basic Financial Statements including:
  a. Statements of Fiduciary Net Position
  b. Statements of Changes in Fiduciary Net Position
  c. Notes to the Financial Statements

B. **Required Supplementary Information** including:
  a. Schedule of Changes in Retirement and Pension System's Net Pension Liability (Asset)
  b. Schedule of Division's Contributions to the Retirement and Pension System
  c. Schedule of Investment Returns
  d. Management's discussion and analysis ("MD&A")

The basic financial statements are described as follows:

- The Statements of Fiduciary Net Position show the financial position of the Plan at a specific point in time. It reflects what the Plan has (assets) and what it owes (liabilities). The Statements of Fiduciary Net Position include assets such as cash, receivables, collateral held in trust for securities on loan, and investments. They also include liabilities such as collateral subject to return to borrowers, liabilities for securities purchased, and accrued liabilities. The difference between the assets and liabilities is the net position.

- The Statements of Changes in Fiduciary Net Position explain the activity that occurred in the Plan throughout the year that caused the net position to increase or decrease. It includes additions and deductions to the Plan during the year. Additions are comprised of employer and employee contributions, investment income, and securities lending income. Deductions are comprised of benefit payments, refund contributions, and administrative expenses. The difference between the additions and deductions is the change (increase or decrease) in net position. The increase or decrease in net position is added to or subtracted from the beginning of year net position to arrive at the ending net position, which is reported on the Statements of Fiduciary Net Position.

- The Notes to the Financial Statements are an integral part of the financial statements. They provide context, detailed schedules, policies, and information about GASB standards to help users obtain a better understanding of the financial statements. The notes dive into what the numbers on the Statements of Fiduciary Position and Changes in Fiduciary Net Position mean and how they were calculated. The notes provide information on Plan provisions, valuation methods, deposits and investment policies, securities lending agreements, actuarial assumptions, and the fair value hierarchy related to investments.

The required supplementary information is based upon the MLGW Pension Plan's adoption of GASB Statement 67 and provides historical trends that help to reflect the ongoing plan perspective and the long-term nature of the defined benefit plan. It includes:

- The Schedule of Changes in Net Pension Liability (Asset) contains actuarial information about the expected benefit liabilities and funded status of the plan. It presents actuarial data on the Plan's funding status and changes in pension liability over time.

- The Schedule of Division's Contributions contains historical trend information regarding the annual minimum contributions the employer must pay, and the actual contributions paid by the employer relative to this requirement and as a percentage of covered payroll. In addition, significant methods and assumptions used in calculating the actuarially determined contributions are included in the notes to the schedules.

- The Schedule of Investment Returns contains the annual money-weighted rate of return on MLGW Pension Plan investments for the past ten years.

- MD&A is useful when reviewing the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position because they offer detailed explanations as to why contribution amounts may have changed, why investments appreciated or depreciated, and why benefit payments changed from the previous year.

2. FINANCIAL SUMMARY

This discussion and analysis of the financial performance provide a narrative overview and analysis of the MLGW Pension Plan's financial activities and funding conditions for the fiscal years ended December 31, 2025 and 2024. Please read it in conjunction with the MLGW Pension Plan's financial statements, notes, and required supplementary information, which follow this section. Information for fiscal year 2023 is presented for comparative purposes.

- **Total assets** at December 31, 2025, were $1,708.1 million, an increase of $78.7 million, or 4.8% compared to total assets at December 31, 2024, of $1,629.4 million. 2024 reflected an increase of $24.1 million, or 1.5% from $1,605.3 million at December 31, 2023. *See Graph 1.*

- **Total liabilities** at December 31, 2025, were $38.9 million, an increase of $1.1 million, or 2.9% compared to total liabilities at December 31, 2024, of $37.8 million at December 31, 2024. 2024 reflected a decrease of $3.2 million, or 7.8% from $41.0 million at December 31, 2023. *See Graph 2.*

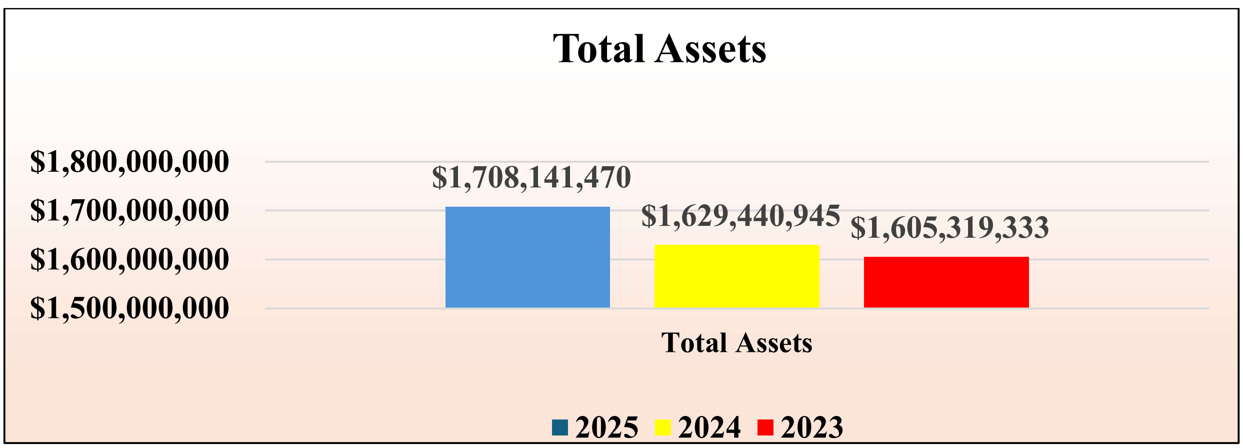
- **Total fiduciary net position restricted for pensions** (total assets less total liabilities) at December 31, 2025, was $1,669.3 million, an increase of $77.6 million, or 4.9% compared to the total net position at December 31, 2024, of $1,591.7 million. 2024 reflected an increase of $27.3 million, or 1.8% from $1,564.3 million total net position at December 31, 2023. *See Graph 3.*

- **Total additions** for the year ended December 31, 2025, were $217.4 million, an increase of $44.4 million, or 25.7% compared to total additions for the year ended December 31, 2024, of $173.0 million. 2024 reflected an increase of $27.3 million, or 18.7% from $145.7 million for the year ended December 31, 2023. *See Graph 4.*

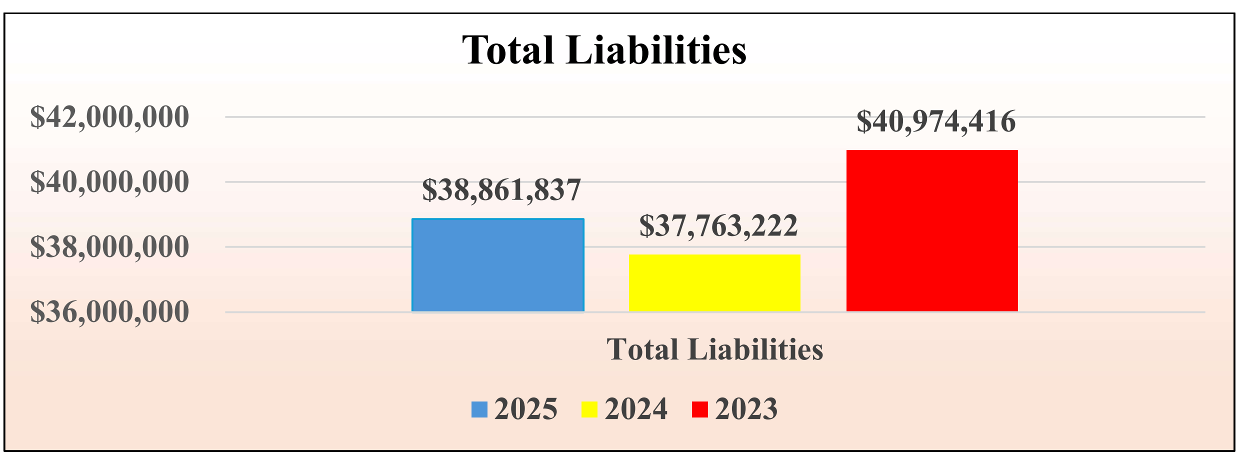
- **Total deductions** for the year ended December 31, 2025, were $139.8 million, a decrease of $5.9 million, or 4.0% compared to total deductions for the year ended December 31, 2024 of $145.7 million. 2024 reflected an increase of $12.2 million, or 9.1% from $133.5 million for the year ended December 31, 2023. *See Graph 5.*

- **The increase in net position** for the year ended December 31, 2025, was $77.6 million, an increase of $50.3 million, or 183.9% compared to the increase in net position of $27.3 million for the year ended December 31, 2024. 2024 reflected an increase of $15.1 million, or 123.1% from the increase in net position of $12.3 million for the year ended December 31, 2023. *See Graph 6.*

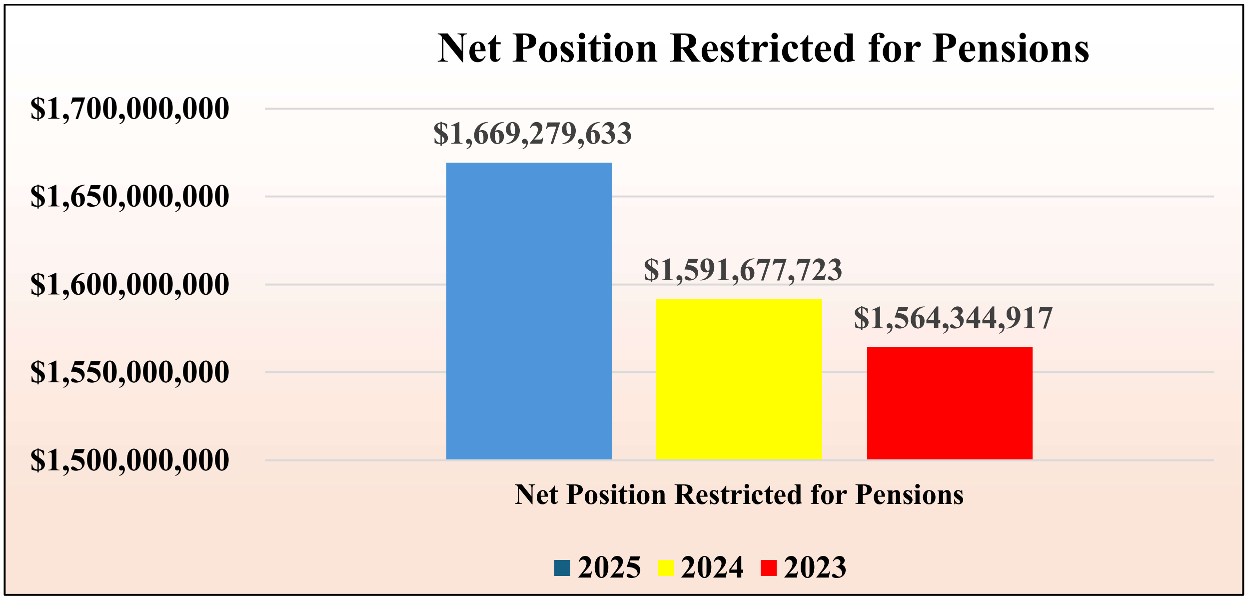
Graph 1



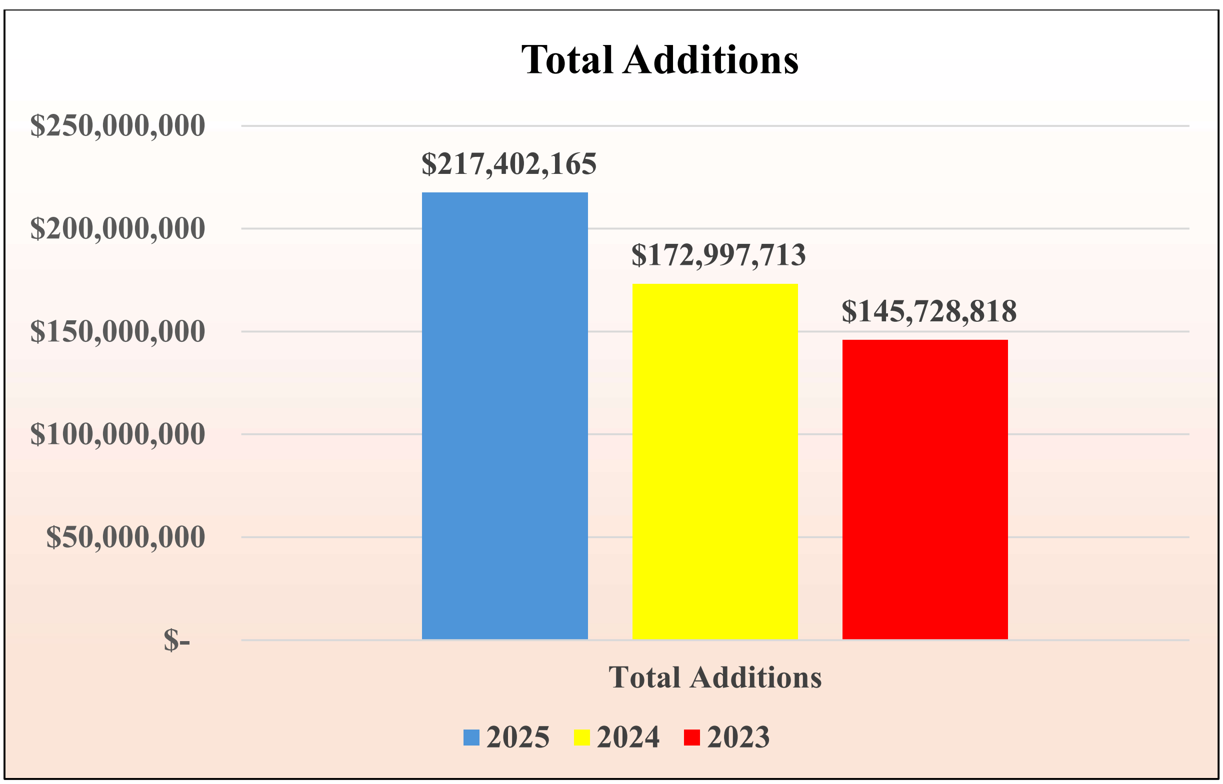
Graph 2



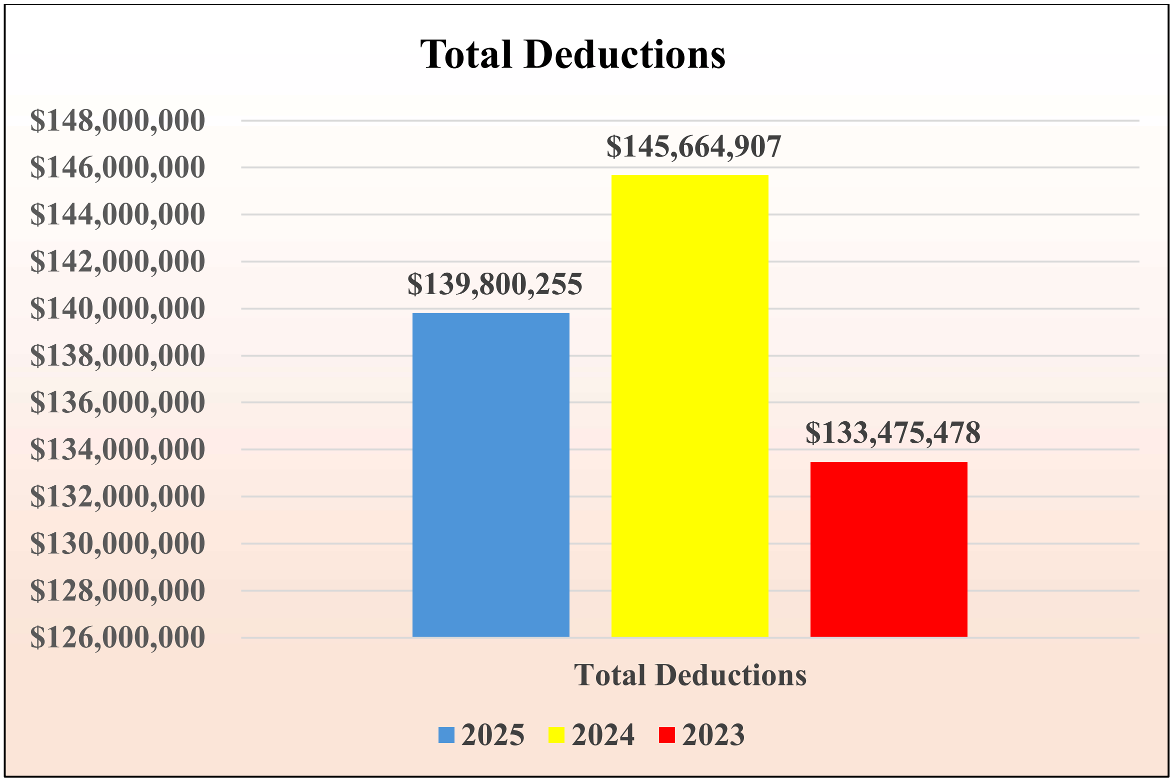
Graph 3



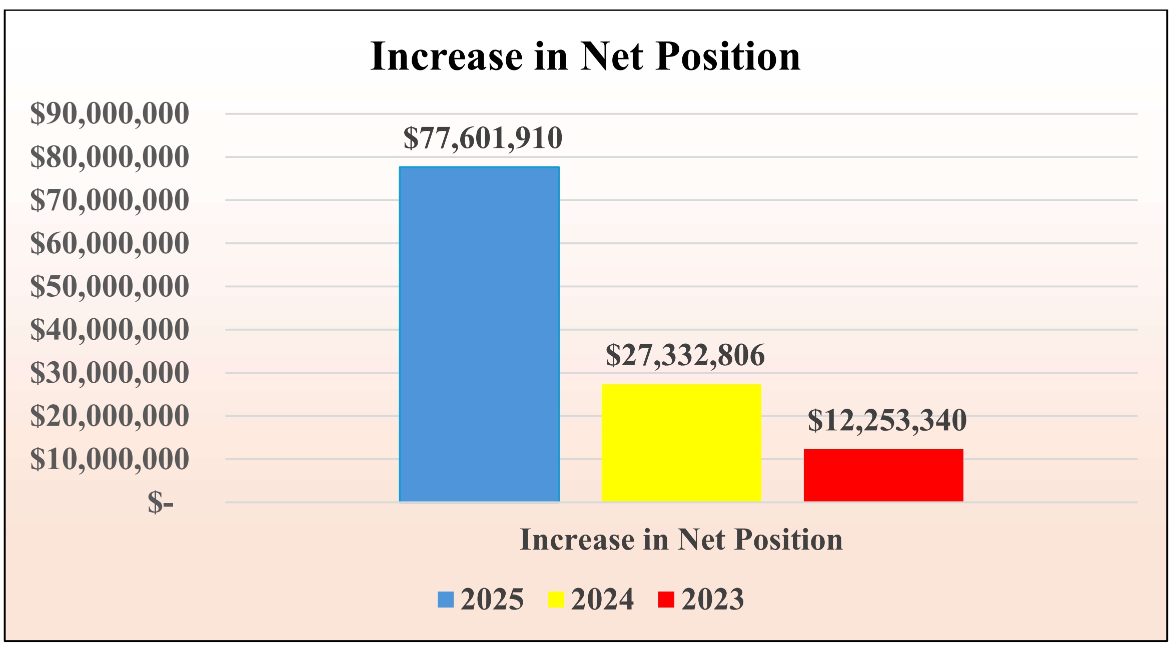
Graph 4



Graph 5



Graph 6



Condensed financial information comparing the Fiduciary Net Position for the past three years is presented below:

Table 1
Condensed Statements of Fiduciary Net Position
December 31, 2025, 2024, and 2023
(Dollars in Thousands)

	2025	2024	FY25 - FY24 Percentage Change	2023	FY24 - FY23 Percentage Change
Assets					
Cash and cash equivalents	**$ 42,641**	$ 21,147	101.6%	$ 38,150	-44.6%
Receivables	**3,070**	3,963	-22.5%	3,378	17.3%
Investments	**1,625,299**	1,568,279	3.6%	1,524,480	2.9%
Collateral held for securities on loan	**37,131**	36,052	3.0%	39,312	-8.3%
Total assets	**1,708,141**	1,629,441	4.8%	1,605,320	1.5%
Liabilities					
Liability for securities purchased and accrued liabilities	**1,730**	1,711	1.1%	1,663	2.9%
Collateral subject to return to borrowers	**37,131**	36,052	3.0%	39,312	-8.3%
Total liabilities	**38,861**	37,763	2.9%	40,975	-7.8%
Net position restricted for Pensions	**$ 1,669,280**	$ 1,591,678	4.9%	$ 1,564,345	1.7%

Condensed financial information comparing the Changes in Fiduciary Net Position for the past three fiscal years is presented below:

Table 2
Condensed Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2025, 2024 and 2023
(Dollars in Thousands)

	2025	2024	FY25 - FY24 Percentage Change	2023	FY24 - FY23 Percentage Change
Additions					
Contributions	**$ 53,359**	$ 45,159	18.2%	$ 35,690	26.5%
Net investment income, other from securities lending	**163,920**	127,725	28.3%	109,921	16.2%
Net securities lending income	**123**	114	7.9%	118	-3.4%
Total additions	**217,402**	172,998	25.7%	145,729	18.7%
Deductions					
Benefits payments	**134,949**	142,035	-5.0%	124,480	14.1%
Refunds	**3,712**	2,616	41.9%	8,037	-67.5%
Administrative expense	**1,139**	1,014	12.3%	958	5.8%
Total deductions	**139,800**	145,665	-4.0%	133,475	9.1%
Increase in net position	**77,602**	27,333	183.9%	12,253	123.1%
Net position restricted for Pensions					
Beginning of year	**1,591,678**	1,564,345	1.7%	1,552,091	0.8%
End of year	**$ 1,669,280**	$ 1,591,678	4.9%	$ 1,564,345	1.7%

3. DETAILED ANALYSES

Assets

2025 Compared to 2024:

Investments were $1,625.3 million at December 31, 2025, an increase of $57.0 million, or 3.6% from $1,568.3 million at December 31, 2024. The MLGW Pension Plan investments are comprised of domestic and international equities, domestic and international fixed income, domestic and international special strategies, and real assets. The increase in total investments can be attributed to strong performances within the Plan’s equity funds, specifically, common stock and mutual funds international, as well as the fixed income funds. Although the Plan’s equity funds experienced a downturn in the first quarter due to uncertainties surrounding tariffs, higher inflation, and declines in technology, they rebounded significantly in the following two quarters as tariffs did not cause as much disruption as anticipated due to a pause in the enforcement of the tariffs. In addition, technology stocks surged as investments in AI increased. Industrials also performed well during this time.

Substantial market value growth was reflected within the Plan’s government bonds domestic which increased 85.2% over 2024, asset backed securities domestic, and mortgage backed securites domestic which increased 148.6% and 114.5% respectively, over 2024. Uncertainty within the equity sector, boosted investment in government bonds, particularly U.S. Treasuries. Prior to the Federal Reserve rate cuts in September, October, and December, government bonds performed well due to higher yields which led to higher prices for long-duration Treasuries. Stablilzation within the housing market combined with the Federal Reserve rate cuts were a couple of the drivers that led to the strong performance of mortgage backed securities. Credit spreads tightened in the asset backed security sector in 2025 which suggested there was less credit risk as it relates to the issuer of the securities. Stable or improving delinquency rates within the auto and credit card segments also resulted in the strong performance of asset backed securities over 2024. The Plan’s emerging market debt fund increased 15.3% over 2024 as it benefited from a softer U.S. dollar. Emerging market banks cut rates during 2025 which improved yields and lowered borrowing costs. Additionally, emerging market economies experienced stable inflation, and growth with rising investor sentiment. Overall, the rate cuts by the Federal Reserve had a positive impact on the Plan’s fixed income funds.

The MLGW Pension Plan special strategy funds decreased $12.4 million or 3.6% from 2024. These funds were impacted by the liquidation of a distressed debt domestic fund , Medley Opportunity Fund III LP, and a life settlement fund, Vida/OBRA Insurance Fund, LP, within the fourth quarter of 2025. Both funds had been part of the Plan’s investments since 2015. Several distributions were made by Courage Credit Opportunities Fund IV, LP, another distressed debt domestic fund, in the normal course of business and that fund also suffered a $2.3 million loss in the fourth quarter, resulting in a decline of $11.9 million from 2024. The fourth quarter loss can be attributed to an investment in an Atlanta based digital platform for healthcare providers and patients. The company was sold at a lower value than was anticipated because they were losing customers and expecting future operating losses.

In addition to the special strategy funds, the Plan experienced a greater decline within its real asset funds, which declined $23.1 million or 9.5% from 2024. Of the eight funds within this asset class, six reflected a reduction in market value from 2024. The declines can be attributed to several factors. Redemption requests were initiated in 2022 and 2023 for three of the Plan's open ended real asset funds, Sentinel Real Estate Fund, LP, American Strategic Value Realty Fund, LP, and Intercontinental Real Estate Corporation, because the Plan was overweight within this asset class due its strong performance. The fufillment of those requests continued in 2025. There were significant asset sales for Brookfield Infrastructure Fund II, one of the Plan's sector-focused infrastructue funds, that is in its disposition phase. The Plan has been invested in that fund since 2013. TerraCap Partners Fund IV, LP, is one of the Plan's value added real asset investments. It is composed solely of office assets which were purchased prior to Covid in a lower interest rate environment. With the rise in interest rates, it was more difficult to refinance office properties. As a result, the fund has been limited in its ability to obtain new loans to extend debt on the current and past properties in their portfolio. With the extraordinary rise in interest rates throughout 2022 and 2023, there has also been a reset in pricing. TerraCap Fund V, LP, another value added real asset fund, bought several properties during 2021 and 2022 with floating debt rate. Floating debt rate requires a significant amount of cash to pay for interest rate caps that keep debt cost of loans at a level that can be maintained. In 2025, this particular fund had maturing debt and due to the price resetting, a material loan paydown would have been necessary to either obtain a loan extension or refinance. As a result, several properties were sold when it was determined there was an inability to make the loan paydowns.

Cash and cash equivalents increased $21.5 million, or 101.6% to $42.6 million at December 31, 2025, from $21.1 million at December 31, 2024. The increase in cash and cash equivalents was due in large part to the November 2025 capital withdrawal and realized gains, totaling $31.6 million, associated with the liquidation of Vida/OBRA Insurance Fund, LP, one of the Plan's life settlement funds, at the end of 2025. The liquidation will be completed in 2026.

The decrease in receivables for securities sold is related to the full satisfaction of redemptions from one of the Plan's real assets and the liquidation of one of the Plan's international equity funds. In 2024, receivables for securities sold included a $1.0 million partial redemption accrual for the December 31, 2024, valuation date for American Strategic Value Realty Fund, LP, one of the Plan's real asset funds. The redemption was paid in January and all redemption requests for that fund were paid by July 2025. Addtionally, the Plan's international equity fund, Ryder Court International Select Fund (DST) reflected $0.09 million in pending trade sales that were settled in January of 2025. That fund was liquidated during 2025.

2024 Compared to 2023

At December 31, 2024, total assets were $1,629.4 million, representing an increase of $24.1 million, or 1.5% from 2023. The growth in total assets was primarily due to the increase in total investments which was partially offset by decreases in total cash and cash equivalents and collateral held in trust for securities on loan.

The MLGW Pension Plan investments are comprised of domestic and international equities, domestic and international fixed income, domestic and international special strategies, real asset, and short-term investments. The increase in total investments can be attributed to strong performances within the Plan's equity funds, specifically, common stock domestic and common stock index domestic.

Slight gains were recorded within the special strategies funds. Offseting those gains were decreases within the fixed income and real estate funds. In addtion to market value declines in six of the eight real estate funds, the Plan continued to see the fulfillment of redemption requests which totaled $8.4 million within three of its real estate funds.

The decline in cash and cash equivalents can be attributed to a fixed income fund which had cash of $1.6 million at the end of 2023 but was fully liquidated in 2024.

Liabilities

2025 Compared to 2024:

The increase was primarily due to the rise in collateral subject to return to borrowers. Cash collateral increased $1.1 million, or 3.0% due to an increase in what was available to loan out and what was out on loan. The increase in loans increased cash collateral. Throughout 2025, the two security types that experienced the most significant increase in the average amounts out on loan compared to 2024, were U.S. Treasuries and U.S. Equities. *See Graph 7.*

Graph 7

January 2025 through December 2025		January 2024 through December 2024			
	Market Value (USD)		Market Value (USD)		
Security Type	**Average on Loan**	**Security Type**	**Average on Loan**	**Difference**	**% Change**
U.S. Treasuries	$ 19,809,421	U.S. Treasuries	$ 14,560,637	5,248,784	36%
U.S. Corp Bonds	$ 11,218,519	U.S. Corp Bonds	$ 13,015,173	(1,796,654)	-14%
U.S. Equities	$ 47,191,961	U.S. Equities	$ 32,682,269	14,509,692	44%
Global Fixed Income	$ 123,067	Global Fixed Income	$ 452,486	(329,419)	-73%
Global Equities	$ 1,960,762	Global Equities	$ 2,188,086	(227,324)	-10%
Total	$ 80,303,730	Total	$ 62,898,651	17,405,079	28%
Security Type	**Average Available**	**Security Type**	**Average Available**	**Difference**	**% Change**
U.S. Treasuries	$ 35,277,627	U.S. Treasuries	$ 22,597,400	12,680,227	56%
U.S. Agencies	$ 5,276,649	U.S. Agencies	$ 5,027,101	249,548	5%
U.S. Corp Bonds	$ 30,072,251	U.S. Corp Bonds	$ 37,702,743	(7,630,492)	-20%
U.S. Equities	$ 271,777,773	U.S. Equities	$ 254,842,440	16,935,333	7%
Global Fixed Income	$ 387,617	Global Fixed Income	$ 1,650,173	(1,262,556)	-77%
Global Equities	$ 14,875,476	Global Equities	$ 11,775,847	3,099,629	26%
Total	$ 357,667,393	Total	$ 333,595,704	24,071,689	7%

2024 Compared to 2023:

At December 31, 2024, total liabilities were $37.8 million, a decrease of $3.2 million, or 7.8% from $41.0 million at 2023. The decline was due to the reduction in collateral subject to return to borrowers. This decline can be attributed to rising equity valuations. The majority of MLGW's lendable assets are within domestic equities. When stock prices are high, it negatively impacts lending. Investors are less likely to bet that the stock prices will decrease which reduces the need to borrow shares and ultimately lowers the demand for securities lending.

Net Position

2025 Compared to 2024:

At December 31, 2025 the MLGW Pension Plan's fiduciary net position (total assets less total liabilities) was $1,669.3 million, an increase of $77.6 million, or 4.9% from the net position at December 31, 2024. Please refer to the Assets and Liabilities sections of the MD&A for detailed explanations for the increase.

2024 Compared to 2023:

At December 31, 2024 the MLGW Pension Plan's fiduciary net position (total assets less total liabilities) was $1,591.7 million, an increase of $27.3 million, or 1.8% from the net position at December 31, 2023. Please refer to the Assets and Liabilities sections for detailed explanations for the increase.

Additions

2025 Compared to 2024:

The increase in additions was principally due to an increase in employer contributions as recommended by the Plan's actuary as well as the net investment income, other than from securities lending.

In the January 1, 2024, valuation, Segal, the Plan's actuary, increased the actuarially determined contribution for 2025 by $6.9 million over 2024. The reason for the increase was mostly attributed to the following: 1) COLA (cost of living adjustments) and salary increases were greater than expected, 2) lump sums paid on a lower interest rate than expected, and 3) a small investment loss on an actuarial basis

Net investment income, other than from securities lending, at December 31, 2025, was $163.9 million representing an increase of $36.2 million, or 28.3%. For 2025, net appreciation in fair value of investments totaled $146.8 million compared with net appreciation in fair value of investments of $110.2 million for 2024.

The component of net investment income, other than from securities lending, that had the greatest impact was net appreciation in fair value of investments which increased $36.7 million, or 33.3%. Decreases in dividend income and real asset income totaling $0.5 million, as well as an increase in investment expenses, other than from securities lending of $0.5 million, partially offset the increase from net appreciation in fair value of investments.

The main contributors to the increase in net appreciation in fair value of investments were the Plan's fixed income funds which include domestic and international corporate bonds, domestic government bonds, domestic asset backed securities and domestic mortgage backed securities as well as the Plan's international emerging market debt fund. The U.S. bond market achieved its best return since 2020 as the U.S Aggregate Bond Index reached 7.3% and the Global Aggregate Index also reflected its strongest performance since 2020 with a 8.2% total return (USD unhedged) over 27 constituent local markets. Mortgage backed securities thrived in 2025, reaching its best total return of 8.6% since 2002. Emerging market debt flourished as well, reporting the highest performance among all fixed income asset classes due to a weaker dollar, increased confidence in companies' ability to meet their debt obligations, and investor demand for higher yielding assets. The MLGW Plan's net appreciation in fair value within the fixed income funds increased $18.4 million over 2024 while net depreciation in fair value within the Plan's real asset funds declined dramatically, $17.1 million, from 2024. Source: Looking back at 2025: Fixed income | Insights | Bloomberg Professional Services

2024 compared to 2023:

Total additons to net position increased $27.3 million, or 18.7% to $173.0 million at December 31, 2024, compared to $145.7 million at December 31, 2023. This was principally due to an increase in employer contributions as recommended by the Plan's actuary as well as the net investment income, other than from securities lending.

In the January 1, 2023, valuation, Segal, the Plan's actuary, increased the actuarially determined contribution for 2024 by $8.2 million over 2023. The reason for the increase was mostly attributed to the following: 1) COLA (cost of living adjustments) increases were greater than expected due to higher inflation 2) salary increases were also more than expected, and 3) investment losses were approximately $1.3 million.

The component of net investment income, other than from securities lending, that had the greatest impact was net appreciation in fair value of investments which increased $25.3 million, or 29.8%. Decreases in interest income, dividends income, real asset income, and other than income totaling $7.1 million, as well as an increase in investment expenses, other than from securities lending of $0.4 million, paritally offset the increase from net appreciation in fair value of investments.

Deductions

2025 Compared to 2024:

Total benefit payments decreased by $7.1 million, or 5.0% for the year ended December 31, 2025, to $134.9 million from $142.0 million for the year ended December 31, 2024. The decrease in deductions was caused primarily by a decrease in benefit payments to retired members in 2025. Retired benefits totaled $113.8 million, reflecting a decrease of $7.3 million, or 6.0% from 2024.

While the Plan experienced a high volume of new retirees placed on pension payroll in 2024, the same was not true in 2025. Although the five-year average of the U.S. Department of Treasury 30-Year bond rate increased from 1.71% for 2024 to 2.08% for 2025, resulting in a decrease in the 2025 lump sum distributions compared to 2024, the number of retirees at the end of 2024 did not match the high volume of retirees from the same period in 2023 . Only twenty-six (26) employees retired during December of 2024. Two of those were added to pension payroll in 2024 while the remaining twenty-four (24) were were added to pension payroll in 2025 compared to sixty (60) who retired during December of 2023 and were added to pension payroll in 2024. The total number of service retirees added to the pension payroll in 2025 was ninety four (94) compared to one hundred and twenty two (122) in 2024. With the decline in the number of new retirees, the lump sum distributions paid to retirees in 2025 decreased $10.6 million from $35.0 million in 2024 to $24.4 million in 2025.

The decrease in retired benefits was partially offset by an increase of $1.1 million or 41.9% in multiple refunds isssued to former employees, or the beneficiaries of deceased active, terminated, or retired members. In 2025, one hundered nine (109) refunds were issued to former employees or beneficiaries totaling $3.7 million compared to sixty-three (63) in 2024, totaling, $2.6 million. Twenty-six (26), 23.9%, of the one hundred nine (109) refunds were payments to beneficiaries of deceased active, terminated, or retired members and amounted to $1.7 million of the total refunds issued. There were twelve refunds issued due to active deaths and twelve refunds issued due to retiree deaths. Refunds or one-time payments, rather than semi-monthly pension payments, were issued due to the absence of a qualifying surviving spouse or minor children. There were two refunds issued due to the death of terminated employees. By contrast, in 2024, payments to beneficiaries only accounted for four (4) refunds totaling $0.3 million of the total refunds issued.

2024 Compared to 2023:

Total deductions from net position in 2024 equaled $145.7 million, an increase of $12.2 million, or 9.1%, up from $133.5 million in 2023. The increase in deductions was caused primarily by an increase in benefit payments to retired members in 2024. Retired benefits totaled $121.1 million, up $17.5 million, or 16.9% from 2023.

At the end of each October, the Plan's actuary provides the Pension Department with the lump sum factor information. One of the components used to determine lump sum distributions is the U.S. Department of Treasury 30-Year bond rate. A five-year average is utilized to determine the interest rate with a look back month of September. Because interest rates remained high in 2022 and 2023, the five- year average interest rate increased from 1.44% for 2023 to 1.71% for 2024 , resulting in lower lump sum distributions for those who retired in 2024 versus 2023. As a result, after the lump sum information was provided to employees in late October of 2023, the Pension department retired sixty (60) individuals in December of 2023 alone. They were added to the pension payroll in 2024, after they had received their final check from active payroll. The total number of service retirees added to the pension payroll in 2024 was one hundred and twenty-two (122) compared to seventy-six (76) in 2023. With substantially more retirees, the lump sum distributions paid in 2024 were $35.0 million versus $23.5 million, an increase of $11.5 million.

Furthermore, the Plan paid $86.1 million in pension earnings to service retirees in 2024 compared to $81.0 million in 2023, an increase of $5.1 million.

The increase in retired benefits was partially offset by a decrease of $5.4 million or 67.5% in refunds isssued to former employees, or the beneficiaries of deceased active, terminated, or retired members. In 2024, sixty-three (63) refunds were issued to former employees or beneficiaries totaling $2.6 million compared to one hundred and four (104) in 2023, totaling, $8.0 million. In 2024, only $0.1 million of the refunds processed were issued to employees who terminated prior to 2023 and payments to beneficiaries of deceased active, retired, or terminated employees amounted to $0.3 million. By contrast, in 2023, the Pension Department utilized its summer intern and contacted former employees who had not yet claimed their refund, despite leaving the Division years prior. Of the refunds processed in 2023, $0.2 million were issued to employees who terminated prior to 2022 and there were $2.9 million in payments to beneficiaries of deceased active, retired, or terminated members.

SERVICE RETIREMENTS 2025 vs. 2024

Service Retirements	2025	2024
Number of New Service Retirees Added to Pension Payroll	94*	122**
Lump Sum Payouts to New Retirees	$ 24,357,089	$ 34,998,137

**Twenty Four retired in 2024 **Sixty retired in 2023*

$$ CONTRIBUTIONS REFUND $$

	2025	2025 Amount	2024	2024 Amount
Benefit payments issued to terminated employees	83	$ 2,019,950	59	$ 2,365,533
Benefits payments issued as a result of a deceased active, terminated or retired member	26	$ 1,692,142	4	$ 250,095
Total Contributions Refund	109	$ 3,712,092	63	$ 2,615,628

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Change in Net Position

2025 Compared to 2024

The MLGW Pension Plan reflected an increase in net position at December 31, 2025, of $77.6 million, up $50.3 million, or 183.9% from an increase of $27.3 million at December 31, 2024. This increase can be attributed to several factors. Please refer to the Additions and Deductions sections above for detailed explanations.

2024 Compared to 2023:

The MLGW Pension Plan reflected an increase in net position at December 31, 2024, of $27.3 million, up $15.1 million, or 123.1% from an increase of $12.3 million at December 31, 2023. A detailed explanation will be explained in the Additions and Deductions section below.

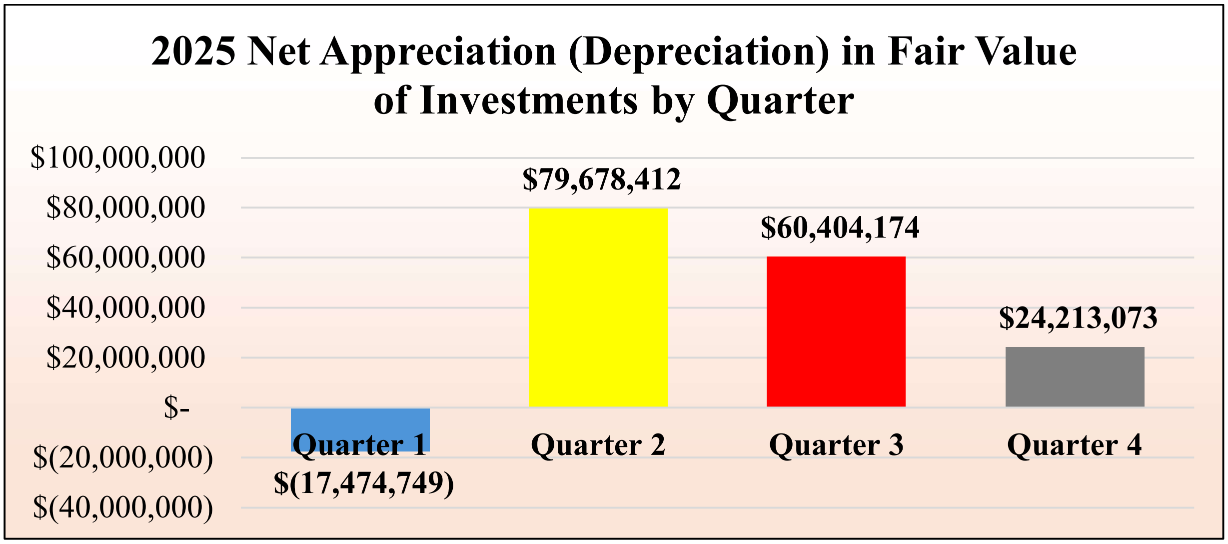
Funding Status

Retirement benefits are financed by employer and participant contributions and income earned on the MLGW Pension Plan's investments. Over the long term, the investment portfolio returns have been a major component of additions to the MLGW Pension Plan's net position. The MLGW Pension Plan's diverse investment strategy and asset allocation allows the Plan to perform well during volatile economic climates, as was the case in 2025. The fixed asset and special strategy funds reflected positive returns in each quarter of 2025. While the Plan's equity funds struggled in the first quarter due to uncertainty within the market, they rebounded significantly in the second and third quarters. The equity funds also produced a positive fourth quarter return, though noticeably lower due to the uncertainty surrounding the government shut down and continued high inflation. *See Graphs 8 (a) and 8 (b).*

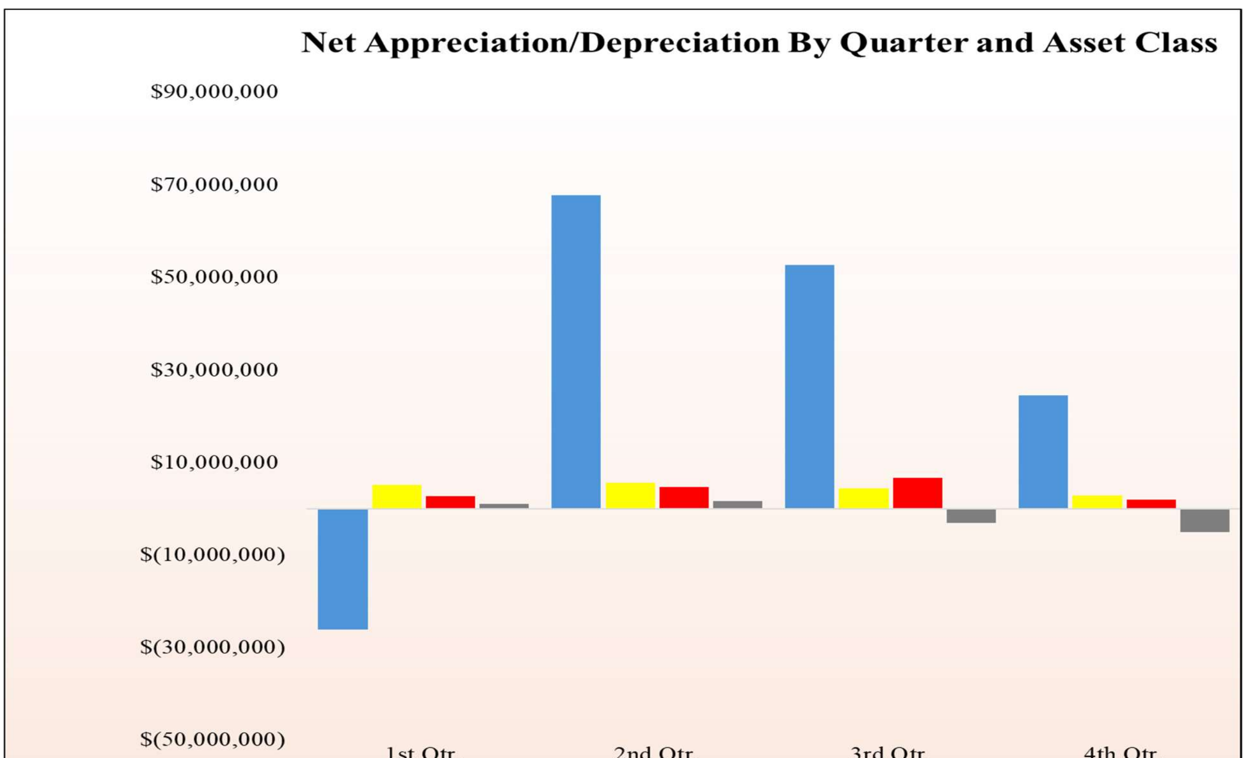
The funding policy adopted in 2015 and made effective on January 1, 2016, requires the Division to contribute 100% of the actuarially determined contribution. Employees are still required to contribute 8.0% of pensionable earnings to the MLGW Pension Plan. The Division's contribution is determined by an actuarial valuation study but shall be no less than 8.0% of pensionable earnings for all active participants. This, in addition to the contributions from plan participants, reinforces its current and continued financial stability. For the year ended December 31, 2025, the Division's actual annual contribution was $35.6 million as recommended and determined by an independent actuarial valuation study.

See next page

Graph 8 (a)



Graph 8 (b)



	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
Total Equity	$(26,276,726)	$67,628,651	$52,612,499	$24,413,712
Total Fixed Income	$5,128,392	$5,639,287	$4,351,272	$2,844,711
Total Special Strategies	$2,660,453	$4,719,664	$6,584,897	$1,982,634
Total Real Asset	$1,013,132	$1,690,810	$(3,144,494)	$(5,027,984)

4. SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

The Plan does not hold capital assets or issue debt. All funding is derived from contributions and investment income. There were no capital acquisitions or financing arrangements during the reporting period.

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

- **Actuarial Outlook:** The 2025 valuation will incorporate the new assumptions adopted in 2024, which may affect future contribution rates and funding ratios.
- **Market Conditions:** While 2025 saw strong equity and fixed income performance, continued volatility in real estate markets may continue to impact future returns.
- **Unusual or Infrequent Events**: There were no unusual or infrequent events impacting the Plan in 2025.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Memphis Light, Gas and Water Division
Manager of Insurance & Pension
P.O. Box 430
Memphis, TN 38101-9969

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	December 31	
	2025	2024
Assets		
Cash and cash equivalents	**$ 42,641,048**	$ 21,146,781
Receivables:		
Employee contributions	**1,245,870**	1,104,526
Interest, dividends, and real asset	**1,789,323**	1,729,717
Receivable for securities sold	**34,579**	1,127,798
Miscellaneous income	**519**	592
Total receivables	**3,070,291**	3,962,633
Collateral held in trust for securities on loan	**37,131,394**	36,052,441
Investments:		
Equity Funds:		
Common stock - domestic	**150,534,456**	148,183,355
Common stock & mutual funds - international	**175,771,674**	148,613,736
Common stock index mutual funds - domestic	**502,423,054**	482,705,627
Fixed Income Funds:		
Corporate bonds - domestic	**29,043,143**	35,030,214
Corporate bonds - international	**337,308**	817,699
Government bonds - domestic	**28,241,773**	15,251,522
Global bond - international	**32,846,969**	29,246,756
Government agencies - domestic	**1,370,719**	2,060,733
Asset backed securities - domestic	**7,671,169**	3,085,619
Asset backed securities - international	**-**	302,371
Mortgage backed securities - domestic	**36,054,399**	16,808,272
Core fixed income CIT - domestic	**53,374,284**	49,776,270
Corporate bond CIT - international	**60,359,304**	52,364,217
Special Strategies Funds:		
Private equity - domestic	**134,482,348**	125,496,141
Private equity - international	**24,290,244**	22,092,082
Distressed debt - domestic	**30,197,365**	42,827,065
Distressed debt - international	**25,204,427**	21,436,675
Private debt fund - domestic	**32,131,339**	23,977,945
Multi-asset fund - domestic	**19,468,096**	13,552,309
Life settlement funds - domestic	**33,037,994**	66,493,728
Equity hedge fund - domestic	**28,142,143**	23,429,338
Real Asset Funds	**220,316,529**	243,385,089
Short-Term Investment	**-**	1,342,327
Total investments	**1,625,298,737**	1,568,279,090
Total assets	**1,708,141,470**	1,629,440,945
Liabilities		
Collateral subject to return to borrowers	**37,131,394**	36,052,441
Liability for securities purchased	**128,132**	18,263
Accrued liabilities	**1,602,311**	1,692,518
Total liabilities	**38,861,837**	37,763,222
Net position restricted for Pensions	**$ 1,669,279,633**	$ 1,591,677,723

The accompanying notes are an integral part of the financial statements.

	Years Ended December 31	
	2025	**2024**
Additions		
Contributions		
Employer	**$ 35,604,956**	$ 28,687,679
Member	**17,753,494**	16,470,724
Total contributions	**53,358,450**	45,158,403
Investment Income		
Net appreciation in fair value of investments	**146,820,910**	110,165,987
Interest income	**6,601,187**	6,065,617
Dividend income	**10,794,863**	11,004,561
Real asset income	**3,673,603**	3,982,670
Other income	**22,184**	21,840
Less: investment expenses, other than from securities lending	**(3,992,393)**	(3,515,712)
Net investment income, other than from securities lending	**163,920,354**	127,724,963
Securities lending income	**2,070,823**	2,047,889
Securities lending expenses:		
Borrower rebates	**(1,911,883)**	(1,905,004)
Management fees	**(35,579)**	(28,538)
Total securities lending expenses	**(1,947,462)**	(1,933,542)
Net securities lending income	**123,361**	114,347
Net investment income	**164,043,715**	127,839,310
Total additions	**217,402,165**	172,997,713
Deductions		
Benefit payments:		
Retired members	**113,801,704**	121,109,352
Survivors (spouse and children)	**20,032,051**	19,881,484
Disabled members	**405,086**	422,797
Deferred vested members	**382,826**	374,302
Alternate payees	**327,866**	246,676
Total benefit payments	**134,949,533**	142,034,611
Contributions refund	**3,712,092**	2,615,628
Administrative expenses	**1,138,630**	1,014,668
Total deductions	**139,800,255**	145,664,907
Increase in net position	**77,601,910**	27,332,806
Net position restricted for Pensions		
Beginning of year	**1,591,677,723**	1,564,344,917
End of year	**$ 1,669,279,633**	$ 1,591,677,723

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Plan Administration

The Memphis Light, Gas and Water Division ("MLGW" or "the Division"), a division of the City of Memphis, under a resolution by the Board of Commissioners, established the Memphis Light, Gas and Water Division Retirement and Pension System ("the Plan") to recognize and reward employee contributions to the operations of the Division. The MLGW Pension Plan was amended and restated effective July 1, 2025, to formally incorporate previous amendments and is part of the Division's overall plan to provide for the future security of its employees and their family members. The MLGW Pension Plan is a single employer defined benefit plan.

The MLGW Pension Plan is funded by contributions made by the employees and by the Division. Benefits under the MLGW Pension Plan normally are paid upon retirement, death, disability, or separation of service. The MLGW Pension Plan is administered by the MLGW Pension Board under the direction of the Board of Commissioners.

The MLGW Pension Board establishes the policies of the MLGW Pension Plan. The Board is comprised of one member of the Board of Commissioners of the Division (who serves as Chairman of the Pension Board), the President of the Division (who serves as Vice-Chairman), the Secretary-Treasurer of the Division, two active Participants who have vested rights under the MLGW Pension Plan and who are elected by Participants, one retired Participant who is elected by retired Participants, and one citizen of Shelby County who is appointed by the Board of Commissioners of the Division. The members of the Pension Board serve without compensation.

The MLGW Pension Board shall fulfill the duties of the fiduciary responsible for the MLGW Pension Plan administration and shall have overall control of the administration of the Plan, with all powers and discretion necessary to enable it to properly carry out its duties; provided the responsibility and authority to administer the Plan on a day-to-day basis shall be delegated to the Pension Department.

Basis of Presentation

The financial statements present only the Memphis Light, Gas and Water Division Retirement and Pension System in conformity with generally accepted accounting principles in the United States of America ("GAAP") that are applicable to a fiduciary fund of a governmental trust unit. The accompanying financial statements present the separate financial position and results of operations for the MLGW Pension Plan, but do not present the financial position and results of operations of MLGW, a division of the City of Memphis (the "City"). Accordingly, the accompanying disclosures relate separately to the MLGW Pension Plan, as applicable, and not collectively to MLGW. These statements are not intended to present the financial position of the City, the results of the City's operations, or the cash flows of the City's funds.

Basis of Accounting

The MLGW Pension Plan's financial statements are prepared using the accrual basis of accounting in accordance with the Governmental Accounting Standards Board ("GASB"). MLGW and member contributions are recognized in the period in which member services are performed. Investment income is recognized when earned. Gains and losses on sales and exchanges of investments are recognized on the transaction date. Benefits and refunds are recognized when paid in accordance with the MLGW Pension Plan's provisions.

Recent Accounting Standards

In April of 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement supersedes Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* The objective of this Statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by GASB. The requirements of this Statement apply to all state and local governments, mainly focusing on the government-wide, governmental fund, and propriety fund's financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

One of the key components in this Statement is the requirement that the basic financial statements be preceded by Management's Discussion and Analysis (MD&A), which requires the information presented in the MD&A be limited to the related topics in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, the MD&A should explain why balances and results of operations have changed rather than simply stating the amounts by which they changed.

The MLGW Pension Plan adopted the applicable requirements of this statement in its financial statements for the year ended December 31, 2025, there was no impact to the financial statements other than to MD&A.

Administrative Expenses

Expenses for the administration of the MLGW Pension Plan are paid from net investment earnings.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts in the financial statements and accompanying notes. Actual results may differ.

Cash and Cash Equivalents

The MLGW Pension Plan considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The MLGW Pension Plan's investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

The equity securities are comprised of both domestic and international securities for which fair value is based on quoted prices in active markets for identical assets.

For debt securities that do not have an established fair value, MLGW's Custodian determines the value using basic assumptive information received from an independent pricing evaluator such as Bloomberg or Reuter's Analytics after the prices for the majority of corporate deals are obtained.

The special strategies funds are comprised of domestic and international investments in limited partnerships and other funds in the following categories: private equity, distressed debt, private debt, multi-asset, life settlement, and equity hedge fund. The fair value of these funds is based on the NAV per share, or its equivalent provided by the fund manager.

The real asset funds are measured at the NAV per share or its equivalent.

Short-term investments are comprised of short-term U.S. treasury bills and notes for which fair value is based on quoted prices in active markets for identical assets and cash collateral.

Collective Investment Trusts ("CITs") were incorporated into the Plan in 2015 and are designed to streamline investment management for the investment manager by combining assets from different clients into a single fund with a specific investment strategy, similar to a mutual fund. They provide for pooling of assets of employee benefits trusts, that meet all of the conditions as permitted under Revenue Rulings 81-100 and 2011-1, or subsequent guidance, and that are operated or maintained exclusively for the commingling and collective investment of funds from other trusts.

2. RETIREMENT AND PENSION SYSTEM

Plan Description

The Memphis Light, Gas and Water Division Pension Board is the administrator of a single-employer retirement system established by the Division to provide retirement benefits for its employees. Prior to 1988, the retirement system included two contributory defined benefit plans (the "1948 Plan" and the "1978 Plan"). The 1948 Plan and the 1978 Plan were amended and superseded as of July 1, 1988. All employees who were members of the 1948 Plan and the 1978 Plan automatically became members of the amended, restated, and consolidated Memphis Light, Gas and Water Division Retirement and Pension System, a division of the City of Memphis, Tennessee. The MLGW Pension Plan was amended and restated effective July 1, 2025, to incorporate previously adopted Plan amendments. Participants in the 1948 Plan (which includes those employees hired before July 1, 1978) are entitled to the greater of their retirement benefit determined under the 1948 Plan or their retirement benefit under the MLGW Pension Plan.

Plan Membership

The MLGW Pension Plan covers permanent full-time employees and appointed commissioners who opt to participate.

Membership at December 31, 2025 and 2024 consisted of:

	2025	2024
Retired members and beneficiaries currently receiving benefits	**2,775**	2,765
Vested terminated members entitled to but not yet receiving benefits *	**31**	29
Active members	**2,635**	2,566
Total	**5,441**	5,360

** Includes participants on long-term disability*

Benefit Provisions

The MLGW Pension Plan provides death and disability benefits as well as retirement benefits. MLGW Pension Plan members hired prior to January 1, 2014, who attain the age of fifty-five (55) and retire on or after ten (10) years of creditable service or attain the age of seventy (70) and retire on or after five (5) years of creditable service, or attain twenty-five (25) years of creditable service regardless of age are entitled to an annual retirement allowance. The allowance is computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage. The benefit percentage is then multiplied by the final average compensation to obtain the monthly retirement allowance.

MLGW Pension Plan members hired on or after January 1, 2014, who attain the age of sixty (60) and retire on or after ten (10) years of creditable service or attain the age of seventy (70) and retire on or after five (5) years of creditable service or attain the age of fifty-five (55) with twenty-five (25) years of creditable service are entitled to an annual retirement allowance. The allowance is computed by multiplying the applicable percentage for the age of retirement times the number of years of creditable service, which equals the benefit percentage. The benefit percentage is then multiplied by the final average compensation to obtain the monthly retirement allowance.

Members hired on or after January 1, 2014, can elect a single annuity or joint and survivor annuity. For married members who elect the single annuity, spousal consent is required. If the joint and survivor annuity is elected, actuarial factors will be applied against the member's monthly retirement allowance to cover the cost of a pension paid to a qualifying surviving spouse.

Effective January 1, 2001, the following table reflects the benefit percentage for each year of creditable service at the applicable retirement age under the MLGW Pension Plan:

Retirement Age	Benefit Percentage for Each Year of Creditable Service
59 1/2 and less	2.25%
60	2.30%
61	2.40%
62 and above	2.50%

The annual retirement allowance of a 1948 Plan or the 1978 Plan member who was a member at the time of the adoption of the MLGW Pension Plan shall not be less than the annual retirement allowance the member would have had under the 1948 Plan or the 1978 Plan in effect on June 30, 1988. A member of the 1948 Plan at the time of adoption of the MLGW Pension Plan may retire at less than age fifty-five with twenty-five or more years of creditable service with benefits computed only under the 1948 Plan.

For the purpose of determining whether the benefit under the 1948 Plan or the 1978 Plan is more or less than the benefit under the MLGW Pension Plan, the benefit shall be measured by the retirement allowance for the retiring member.

Final average compensation is the member's basic earnings (which includes member contributions pursuant to Section 414(h) and Section 457 of the Internal Revenue Code (the "Code") for the three (3) consecutive years of creditable service if less than thirty (30) years, two (2) consecutive years if more than thirty (30) years and one (1) year if 35 or more years of creditable service during which the compensation was the highest) plus work out of classification pay, shift differential pay, and automobile allowance for such employees designated by Resolution of the Board of Commissioners.

The annual retirement allowance shall not exceed 85.0% of the member's final average compensation. Effective January 1, 2022, the minimum monthly retirement benefit for all members is the greater of $60 per year of service or $600 per month.

Additionally, as of July 1 of each plan year, each retired participant who (1) has attained age fifty-six (56) on such date and (2) has been terminated from the employment of the Division for at least twelve (12) months, shall be entitled to an increase in the amount of his/her monthly benefit under The MLGW Pension Plan equal to the cost of living adjustment, provided there is such an adjustment in the applicable plan year.

A surviving spouse or a handicapped child receiving death benefits shall be entitled to a cost-of-living adjustment, provided there is such an adjustment, in the applicable plan year if the surviving spouse or handicapped child has attained age fifty-six (56) and the deceased participant has separated from service at least twelve (12) months prior to the beginning of the plan year.

The cost-of-living adjustment shall be equal to the monthly benefit payable to the participant, surviving spouse, or handicapped child under the MLGW Pension Plan multiplied by the product of the (i) percent change in the Consumer Price Index for the immediately preceding calendar year and (ii) the applicable percentage of CPI increase. The applicable percentage of CPI increase shall be determined based on the age of the participant, surviving spouse, or handicapped child as of the first day of July of the plan year.

The cost-of-living adjustment is made as follows:

Age	Percentage of CPI Increase
56-58	30%
59-61	60%
62 and older, and all disabled participants	75%

The cost-of-living adjustment for any retired participant, surviving spouse, or handicapped child in any plan year shall not exceed five percent (5%) of the retired participant's, surviving spouse's, or handicapped child's benefit under the MLGW Pension Plan for the immediately preceding plan year. Under no circumstances shall the cost-of-living adjustment result in a decrease in the benefit of a retired participant, surviving spouse, or handicapped child.

Contributions

Members covered under the MLGW Pension Plan are required to contribute eight percent (8.0%) of pensionable earnings each payroll period to the MLGW Pension Plan. Members with thirty-five (35) or more years of creditable service or an annual retirement allowance of 85.0% shall contribute the applicable percentage only on that portion of their compensation which is in excess of their annual compensation at the time they attained their thirty-five (35) years of creditable service or an annual retirement allowance of 85.0%. Benefit and contribution provisions may be amended only by the Pension Board, MLGW Board of Commissioners, and the Memphis City Council.

The Actuarially Determined Contribution ("ADC") for the current year was determined based on the actuarial valuation using the entry age normal cost method. The 2025 contribution represented 100% of the ADC. An explanation of the contributions can be found on the footnote of the Schedule of Division's Contributions to the Retirement and Pension System.

3. NET PENSION LIABILITY

The components of the net pension liability of the Pension System at December 31, 2025 and 2024, were as follows:

	2025	2024
Total Pension Liability	**$ 1,889,914,090**	$ 1,833,298,337
Plan Fiduciary Net Position	**1,669,279,633**	1,591,677,723
Net Pension Liability	**$ 220,634,457**	$ 241,620,614
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	**88.33%**	86.82%

Actuarial Assumptions:	The Total Pension Liability (TPL) as of December 31, 2025 and 2024, was determined based on the results of an actuarial valuation as of January 1, 2026 and 2025, respectively, based on the census data collected as of December 31, 2025 and 2024, respectively. The following actuarial assumptions applied to all periods included in the measurement:
Wage Inflation	2.50%
Salary increases	Inflation plus merit increases that vary by age and service, ranging from 0.50% to 8.50%
Net investment rate of return	7.00%, net of pension plan investment expense, including inflation.
Cost-of-living adjustments	0.750% for ages 56-58 1.500% for ages 59-61 1.875% for ages 62 and above, and all disabled participants

For 2025, pre-retirement mortality rates are based on the PRI-2012 Blue Collar Employee Mortality Table with sex-distinct rates. Healthy annuitant mortality rates are based on the PRI-2012 Blue Collar Healthy Annuitant Mortality Table with sex-distinct rates, plus a 20% load for males and a 12% load for females. Disabled annuitant mortality rates are based on the PRI-2012 Disabled Retiree Mortality Table with sex-distinct rates, plus a 20% load. Beneficiary mortality rates are based on the PRI-2012 Contingent Survivor Mortality Table with sex-distinct rates, plus a 12% load. All the aforementioned mortality tables above are projected generationally with Scale MP-2021.

The actuarial assumptions used in the January 1, 2025, valuation were based on the results of an experience study for the five-year period ended December 31, 2023.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return [1]
Domestic Equity	35%	5.92%
International Equity	9%	6.45%
Fixed Income	24%	2.10%
Alternatives	15%	7.25%
Real Assets	15%	3.82%
Short Term Investments	2%	0.82%
Total	100%	

[1] Expected real rates of return are net of inflation.

Discount Rate

The discount rate used to measure the Total Pension Liability ("TPL") was 7.00% as of December 31, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan Fiduciary Net Position ("FNP") was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2025, and 2024.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Net Pension Liability of the System as of December 31, 2025 and 2024, which is allocated to all employees, calculated using the discount rate of 7.00%, as well as what the System's Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	2025		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 423,706,567	$ 220,634,457	$ 49,598,819

	2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 438,550,801	$ 241,620,614	$ 75,832,216

4. DEPOSITS AND INVESTMENTS

Deposits

As of December 31, 2025 and 2024, MLGW Pension Plan's deposits were fully insured or collateralized in accordance with state law.

Investments

The overall investment objective is to provide for the funding needs of the MLGW Pension Plan. The Pension Board ("Investment Committee") has formulated specific performance standards for the overall fund as well as its components. Underlying these standards is the belief that management of the fund should be directed toward achieving long-term growth of the assets by focusing on achieving an above average rate of return without the assumption of undue risk. In addition, the fund must keep pace with inflation and meet actuarial assumptions. The Investment Committee is charged with the responsibility of managing the assets of the MLGW Pension Plan.

The Investment Committee is authorized and permitted to engage the services of registered investment managers who possess the necessary specialized research facilities and skilled professionals to meet the investment objectives and guidelines of the MLGW Pension Plan. The Investment Committee requires the investment managers to adhere to the "prudent person rule" under such federal and state laws that now apply, or that may in the future apply in regard to the investing of MLGW Pension Plan's assets. The Investment Committee is responsible for selecting investment managers and reviewing and evaluating investment results in the context of predetermined performance standards.

The Investment Committee engages an investment consultant, an independent investment consulting firm. The investment consultant is charged with keeping the Investment Committee, Secretary-Treasurer, and Manager of Treasury Management and/or their respective designees, informed of the investment results being achieved by the MLGW Pension Plan. The investment consultant will also provide data pertaining to the MLGW Pension Plan's asset allocation structure and the risk (volatility) associated with the Plan's investment allocation.

The Investment Committee has the responsibility of determining the asset allocation that offers the highest probability of achieving the investment goals and objectives. The target asset allocation of the MLGW Pension Plan is designed to give balance to the overall structure of the plan's investment program over a long period of time. Therefore, the Investment Committee must update and revise the asset mix as the financial needs of the MLGW Pension Plan are analyzed and reviewed, as capital markets change, and as they receive the advice and guidance of the investment consultant regarding both the financial needs of the Plan and the changes in the capital markets. The Investment Committee establishes the maximum exposures on some of the asset classes being employed by the Plan.

In compliance with the MLGW Retirement and Pension Fund investment policy, the MLGW Pension Plan may invest in the following major asset classes: domestic and international equities, global fixed income, special strategies, real estate, and short-term investments.

As of December 31, 2025, the MLGW Pension Plan's cash and cash equivalents and investments consisted of the following:

Asset Allocation	Fair Value	Actual Exposure	Maximum Exposure	Minimum Exposure
Cash and Cash Equivalents	$ 42,641,048	2.56%	40%	0%
Domestic Equity Funds:				
Common stock - domestic	150,534,456	9.03%		
Common stocks index mutual funds - domestic	502,423,054	30.12%		
Subtotal Domestic Equity Funds:	652,957,510	39.15%	65%	20%
International Equity Funds:				
Common stocks & mutual funds- international	175,771,674	10.54%		
Subtotal International Equity Funds:	175,771,674	10.54%	25%	0%
Global Fixed Income Funds:				
Corporate bond - domestic	29,043,143	1.74%		
Corporate bond - international	337,308	0.02%		
Government bonds - domestic	28,241,773	1.69%		
Global bond - international	32,846,969	1.97%		
Government agencies - domestic	1,370,719	0.08%		
Asset backed securities-domestic	7,671,169	0.46%		
Mortgage backed securities-domestic	36,054,399	2.16%		
Core fixed income CIT-domestic	53,374,284	3.20%		
Corporate bond CIT-international	60,359,304	3.62%		
Subtotal Global Fixed Income Funds:	249,299,068	14.94%	65%	15%
Special Strategies Funds:				
Private equity - domestic	134,482,348	8.06%		
Private equity - international	24,290,244	1.45%		
Distressed debt - domestic	30,197,365	1.81%		
Distressed debt - international	25,204,427	1.51%		
Private debt fund - domestic	32,131,339	1.93%		
Multi-asset fund - domestic	19,468,096	1.17%		
Life settlement funds - domestic	33,037,994	1.98%		
Equity hedge fund - domestic	28,142,143	1.69%		
Subtotal Special Strategies Funds:	326,953,956	19.60%	20%	0%
Real Asset Funds	220,316,529	13.21%	15%	0%
Total Deposits and Investments	**$ 1,667,939,785**	**100.00%**		

The MLGW Pension Plan's investments (including items bought, sold, as well as, held during the year) appreciated (depreciated) in value, as follows during the years ended December 31:

	Net Appreciation (Depreciation) in Fair Value of Investments	
	2025	2024
Investments		
Equity Funds:		
Common stock - domestic	**$ 7,612,668**	$ 21,478,239
Common stock & mutual funds - international	**38,952,551**	7,510,022
Common stock index mutual fund - domestic	**71,812,917**	91,512,420
Subtotal Equity Funds:	**118,378,136**	120,500,681
Fixed Income Funds:		
Corp. Bonds; Gov't Bonds; Global Bond; Gov't Agencies; Asset backed Securities; Mortgage Backed Securities; Short-Term Investments - domestic	**2,510,204**	(1,795,154)
Corp. Bonds; Convertible Corp. Bond; Gov't Bonds; Global Bond; Gov't Agencies; Asset backed Securities; Mortgage Backed Securities; Short-Term Investments - international	**3,748,778**	(3,017,072)
Core fixed income CIT-domestic	**3,709,592**	1,490,695
Corporate bond CIT-international	**7,995,087**	2,837,399
Subtotal Fixed Income Funds:	**17,963,661**	(484,132)
Special Strategies Funds:		
Private equity funds - domestic	**5,819,762**	5,711,955
Private equity funds - international	**1,118,162**	(358,747)
Distressed debt funds - domestic	**(1,756,403)**	5,492,473
Distressed debt funds - international	**5,085,715**	1,524,225
Private debt fund - domestic	**(1,222,346)**	(1,042,238)
Multi-asset fund - domestic	**915,787**	1,077,578
Life settlement funds - domestic	**1,274,167**	(2,745,951)
Equity hedge fund - domestic	**4,712,805**	3,036,698
Subtotal Special Strategies Funds:	**15,947,649**	12,695,993
Real Asset Funds	**(5,468,536)**	(22,546,555)
Total Net Appreciation in Fair Value of Investments	**$ 146,820,910**	$ 110,165,987

Rate of Return

For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on the Plan's investments, net of investment expenses, was 10.83% and 8.83%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Credit risk for investments is the risk that an issuer or other counterparty to an investment will default and not meet its obligations. This risk is measured by the credit quality ratings issued by nationally recognized statistical rating organizations. Investments in obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk.

The MLGW Pension Plan's investment managers are co-fiduciaries of the fund. All investment managers are expected to invest the assets entrusted to them according to the goals and objectives of the Fund and within the constraints placed on them by the Investment Committee. While each manager will have his/her own individual set of guidelines, there are certain responsibilities specific to all managers.

The global fixed income manager's goal is to exceed the return (net of fees) above appropriate bond indices, have a minimum quality rating of investment grade "BBB-, Baa3, etc." for all fixed income and have no holdings of any one security of more than five (5.0%) in the investment manager's portfolio. The average duration of the portfolio should not exceed the appropriate index by more than twenty percent (20%). No more than ten percent (10%) of an investment manager portfolio may be invested with a single corporate issuer (excluding commingled investments).

An investment manager may invest no more than twenty-five percent (25%) of the portfolio in the securities of a single non-US government guaranteed agency or supranational authority (excluding commingled investments or those with written approval of the Investment Committee). Additionally, an investment manager may invest no more than twenty-five percent (25%) of the portfolio in emerging markets debt securities (excluding commingled investments or those approved by the Investment Committee).

Approximately 32.8% of the MLGW Pension Plan's investment portfolio is held in partnerships. Partnerships establish their own market value and set their own pricing. Partnerships include special strategies and real asset funds.

The following tables represent the MLGW Pension Plan's investment exposure to credit risk based on Standard & Poor's and Moody's Investor Service ratings:

As of December 31, 2025, the Plan's investments were rated as follows by Standard & Poor's:

Investment Type	AAA	AA	A	BBB	BB	B	Not Rated/ Categorized or Quality Rating not Available	US Government Guaranteed	Total
Asset Backed Securities	$ 261,957	$ 130,924	$ 253,208	$ 367,379			$ 5,724,637	$ 933,064	$ 7,671,169
Commercial Mortgage-Backed							69,549		69,549
Corporate Bonds		673,797	6,990,112	15,545,422	4,840,388	207,539	1,123,193		29,380,451
Funds-Corporate Bond							60,359,304		60,359,304
Funds-Other Fixed Income							53,374,284		53,374,284
Funds - Short Term Investment							42,602,850		42,602,850
Government Agencies		958,406						412,313	1,370,719
Government Bonds								27,729,128	27,729,128
Government Mortgage Backed Securities								28,327,039	28,327,039
Government Issued Commercial Mortgage-Backed	596,479							4,250,739	4,847,218
Life Settlement Funds							8,161,106		8,161,106
Municipal/Provincial Bonds		169,656					342,989		512,645
Non-Government Backed C.M.O.s	389,747						2,420,845		2,810,592
Unit Trust Bonds							32,846,969		32,846,969
Total Market Value by Rating	$ 1,248,183	$ 1,932,783	$ 7,243,320	$15,912,801	$ 4,840,388	$ 207,539	$ 207,025,726	$ 61,652,283	$ 300,063,023

As of December 31, 2025, the Plan's investments were rated as follows by Moody's Investor Services:

Investment Type	Aaa	Aa	A	Baa	Ba	B	Not Rated/ Categorized or Quality Rating not Available	US Government Guaranteed	Total
Asset Backed Securities	$ 737,509		$ 279,638				$ 5,720,958	$ 933,064	$ 7,671,169
Commercial Mortgage-Backed							69,549		69,549
Corporate Bonds	504,989	2,218,441	8,220,541	11,728,389	5,546,368	455,314	706,409		29,380,451
Funds - Corporate Bond							60,359,304		60,359,304
Funds - Other Fixed Income							53,374,284		53,374,284
Funds - Short Term Investment							42,602,850		42,602,850
Government Agencies		958,406						412,313	1,370,719
Government Bonds		27,479,948						249,180	27,729,128
Government Mortgage Backed Securities								28,327,039	28,327,039
Government Issued Commercial Mortgage-Backed								4,847,218	4,847,218
Life Settlement Funds							8,161,106		8,161,106
Municipal/Provincial Bonds		276,938					235,707		512,645
Non-Government Backed C.M.O.s	798,368						2,012,224		2,810,592
Unit Trust Bonds							32,846,969		32,846,969
Total Market Value by Rating	$ 2,040,866	$ 30,933,733	$ 8,500,179	$11,728,389	$ 5,546,368	$ 455,314	$ 206,089,360	$ 34,768,814	$ 300,063,023

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty, or the counterparty's trust department or agent but not in the name of the Fund. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. To further limit Custodial Credit Risk exposure all cash and securities in physical or book entry form shall be held in safekeeping by a designated third-party custodian, its sub-custodians or depositories in the name of the designated fund. As part of its function under the Investment Policy Statement, the Investment Committee, or its designee, receives and periodically reviews lists identifying assets held in designated custodial name or depositories. As of December 31, 2025, the MLGW Plan investments were not exposed to custodial risk, were not subject to exposure, or the exposure could not be determined.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss in relation to the amount of an investment in a single issuer. Governments should provide information about the concentration of risk associated with their investments by disclosing any one issuer that represents 5.0% or more of the total investments.

The MLGW Pension Plan's charter states that the Pension Board shall be able to make such investments as authorized by state law and as it deems proper. No Investment Manager should have more than 15% of the total portfolio of the Fund, excluding passively managed strategies such as index mutual funds, indexed ETFs, and other indexed commingled funds. The MLGW Pension Plan's fund will not have holdings in any one issuer of more than 5.0% to 10.0%, excluding US government and agency issues, investments in mutual funds and investments diversified to limit the exposure to any one issuer.

Of the investments subject to concentration of credit risk, there were no investments in any one issuer that represented 5.0% or more of the fund.

Interest Rate Risk

Interest rate risk is borne by changes in interest rates that unfavorably affect the fair value of an investment in debt securities. The MLGW Pension Plan's investment policy does not limit investment maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

At December 31, 2025, the MLGW Pension Plan had the following investments with effective duration:

Investment Type	Market Value	Effective Duration (in years)
Asset Backed Securities	$ 7,671,169	0.3
Commercial Mortgage-Backed	69,549	0.0
Corporate Bonds	29,380,451	1.5
Government Agencies	1,370,719	0.1
Government Bonds	27,729,128	2.2
Government Mortgage Backed Securities	28,327,039	1.3
Gov't-issued Commercial Mortgage-Backed	4,847,218	0.4
Municipal/Provincial Bonds	512,645	0.0
Non-Government Backed C.M.O.s	2,810,592	0.1
Subtotal:	102,718,510	
Funds- Corporate Bond	60,359,304	Unavailable
Funds Other Fixed Income	53,374,284	Unavailable
Funds - Short term Investments	42,602,850	Unavailable
Life Settlement Fund - Corry Capital	8,161,106	Unavailable
Unit Trust Bonds	32,846,969	Unavailable
Subtotal:	197,344,513	
Total Investments with Effective Duration	**$ 300,063,023**	

Foreign Currency Risk

Foreign currency risk is the risk that an investor will have to close out a position in a foreign currency at a loss due to an adverse movement in exchange rates.

At December 31, 2025, the MLGW Pension Plan had minimal exposure to foreign currency risk, because investments in international securities comprised of 16.57% from total holdings in our total investment portfolio.

Securities Lending Transactions

The MLGW Pension Plan has authorized The Northern Trust Company ("Agent") to enter into, on behalf of the plan, securities lending transactions – loans of securities to broker-dealers and other entities in exchange for collateral with a simultaneous agreement to return the collateral for the same securities in the future. MLGW authorizes the Agent to accept in exchange for borrowed securities, cash collateral having an initial market value of at least 102% of the market value of borrowed securities, or 105% of the market value of borrowed securities and collateral if they are denominated in different currencies. The borrower is required to deliver additional collateral when necessary so that the total collateral held by the Agent for all loans to the borrower of all participating lenders will at least equal the market value of all the borrowed securities of all participating lenders loaned to the borrower. The MLGW Pension Plan does not have the ability to pledge or sell collateral securities without a borrower default. The maturities of the investments made with cash collateral do not necessarily match the maturities of securities on loan.

The Agent may terminate a loan at any time and the borrower must deliver equivalent securities to the Agent. The Agent is required to indemnify the plan if the Agent is unable to recover borrowed securities and distributions made due to the Agent's:1) failure to make a reasonable determination of the borrower's creditworthiness, 2) failure to demand adequate collateral on a timely basis or 3) failure to perform its duties in accordance with the lending agreement held with the MLGW Pension Plan.

Collateral held in trust for securities on loan included in the 2025 and 2024 statements of net position consisted of cash and noncash collateral. At December 31, 2025 and 2024, the MLGW Pension Plan had no credit risk exposure to borrowers because the amounts the MLGW Pension Plan owed to the borrowers exceeded the amounts the borrowers owed the MLGW Pension Plan. Investments held by broker-dealers under securities loans consist of the following:

As of December 31, 2025

	Market Value of Securities on Loan			Collateral Received from Borrowers		
Securities Type	**Cash Collateral**	**Non-Cash Collateral**	**Total**	**Cash Collateral**	**Non-Cash Collateral [1]**	**Total**
U.S. Corporate Fixed	$ **5,690,020**	4,544,935	10,234,955	$ **5,812,156**	4,712,226	10,524,382
U.S. Equities	**19,083,119**	26,588,185	45,671,304	**19,762,420**	27,447,810	47,210,230
U.S. Government Fixed	**11,314,002**	4,872,756	16,186,758	**11,556,818**	4,981,649	16,538,467
Total	**$ 36,087,141**	**$ 36,005,876**	**$ 72,093,017**	**$ 37,131,394**	**$ 37,141,685**	**$ 74,273,079**

As of December 31, 2024

	Market Value of Securities on Loan			Collateral Received from Borrowers		
Securities Type	**Cash Collateral**	**Non-Cash Collateral**	**Total**	**Cash Collateral**	**Non-Cash Collateral [1]**	**Total**
Global Equities	$ -	1,281,647	1,281,647	$ -	1,390,517	1,390,517
U.S. Corporate Fixed	**10,762,575**	2,740,411	13,502,986	**11,003,038**	2,822,862	13,825,900
U.S. Equities	**15,013,718**	14,117,660	29,131,378	**15,381,178**	14,565,678	29,946,856
U.S. Government Fixed	**9,473,374**	2,194,741	11,668,115	**9,668,225**	2,248,849	11,917,074
Total	**$ 35,249,667**	**$ 20,334,459**	**$ 55,584,126**	**$ 36,052,441**	**$ 21,027,906**	**$ 57,080,347**

[1] Collateral values are estimates based on program wide collateralization levels.

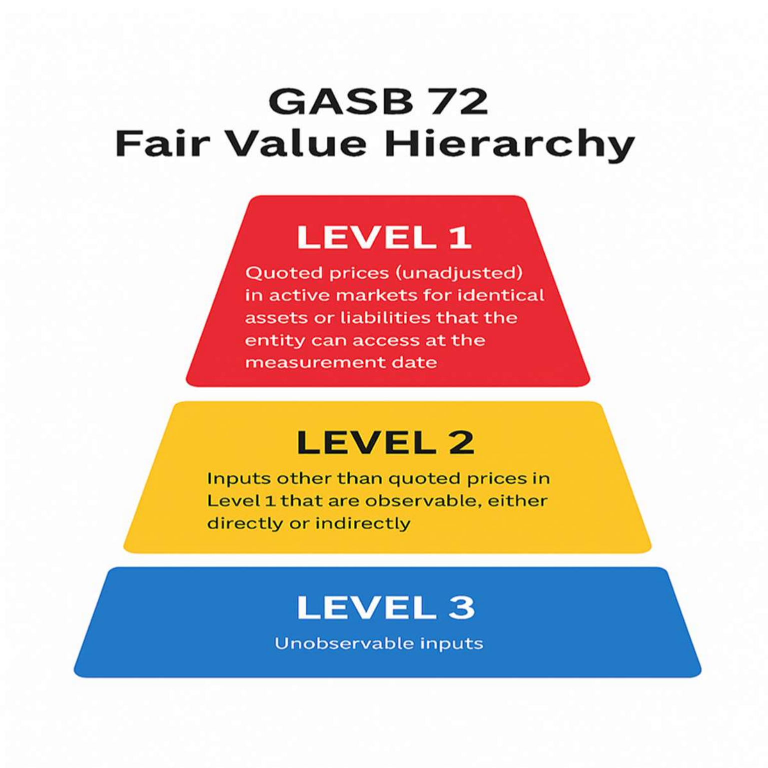
5. FAIR VALUE MEASUREMENTS

The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This Statement establishes a hierarchy that prioritizes and ranks the inputs to valuation techniques used to measure fair value based on observability. The accounting standards break down the fair value hierarchy into three levels, based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1, inputs other than quoted prices included within level 1 that are observable for an asset or liability, either directly or indirectly are classified as Level 2, and the unobservable inputs are classified as Level 3.

Level 1: Fair value is determined using unadjusted quoted prices for identical assets or liabilities in active markets that are accessible on the measurement date. The MLGW Pension Plan includes short-term securities, debt securities, and equity securities in this level.

Level 2: Fair value is determined using quoted market prices for similar asset or liability in active markets; quoted prices for identical or similar asset or liability in inactive market; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs. The MLGW Pension Plan includes fixed income funds in this level.

Level 3: Fair value is determined using unobservable inputs for an asset or liability. As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party to validate the valuation. Certain MLGW Pension Plan's fixed income funds are in this level.



The following tables display information regarding investments measured using the fair value hierarchy at December 31, 2025, and 2024:

		Fair Value Measurements Using		
	December 31 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity Funds				
Common stock-domestic	$ 150,534,456	$ 150,534,456	$ -	$ -
Common stock & mutual funds-domestic	175,771,674	175,771,674	-	-
Common stock index mutual funds-domestic	502,423,054	502,423,054	-	-
Total equity funds	828,729,184	828,729,184	-	-
Fixed Income Funds				
Corporate bonds-domestic	29,043,143	-	28,843,236	199,907
Corporate bonds-international	337,308	-	337,308	-
Government bonds-domestic	28,241,773	27,729,128	512,645	-
Global bond-international	32,846,969	-	32,846,969	-
Government agencies-domestic	1,370,719	-	1,370,719	-
Asset backed securities-domestic	7,671,169	-	7,671,169	-
Mortgage backed securities-domestic	36,054,399	-	35,944,687	109,712
Core fixed income CIT-domestic	53,374,284	53,374,284	-	-
Corporate bond CIT-international	60,359,304	60,359,304	-	-
Total fixed income funds	249,299,068	141,462,716	107,526,733	309,619
Total investments by fair value level	**1,078,028,252**	**$ 970,191,900**	**$ 107,526,733**	**$ 309,619**
Investments measured at the net asset value (NAV) *				
Distressed debt funds	55,401,792			
Equity hedge fund	28,142,143			
Life settlement funds	33,037,994			
Multi-asset fund	19,468,096			
Private debt fund	32,131,339			
Private equity funds	158,772,592			
Real asset funds	220,316,529			
Total investments measured at NAV	**547,270,485**			
Total Investments	**$ 1,625,298,737**			

* In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statements of Fiduciary Net Position.

	December 31 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity Funds				
Common stock-domestic	$ 148,183,355	$ 148,183,355	$ -	$ -
Common stock & mutual funds-domestic	148,613,736	148,613,736	-	-
Common stock index mutual funds-domestic	482,705,628	482,705,628	-	-
Total equity funds	779,502,719	779,502,719	-	-
Fixed Income Funds				
Corporate bonds-domestic	35,030,213	-	35,030,213	-
Corporate bonds-international	817,699	-	817,699	-
Government bonds-domestic	15,251,521	14,911,588	339,933	-
Global bond-international	29,246,756	-	29,246,756	-
Government agencies-domestic	2,060,733	-	2,060,733	-
Asset backed securities-domestic	3,085,619	-	2,896,980	188,639
Asset backed securities-international	302,371	-	302,371	-
Mortgage backed securities-domestic	16,808,273	-	16,409,785	398,488
Core fixed income CIT-domestic	49,776,270	49,776,270	-	-
Corporate bond CIT-international	52,364,217	52,364,217	-	-
Total equity securities	204,743,672	117,052,075	87,104,470	587,127
Short-term securities	1,342,327	1,342,327	-	-
Total investments by fair value level	**985,588,718**	**$ 897,897,121**	**$ 87,104,470**	**$ 587,127**
Investments measured at the net asset value (NAV) *				
Distressed debt funds	64,263,740			
Equity hedge fund	23,429,338			
Life settlement funds	66,493,728			
Multi-asset fund	13,552,309			
Private debt fund	23,977,945			
Private equity funds	147,588,223			
Real asset funds	243,385,089			
Total investments measured at NAV	**582,690,372**			
Total Investments	**$ 1,568,279,090**			

* In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statements of Fiduciary Net Position.

Investments in Certain Entities that Calculate Net Asset Value ("NAV") Per Share

MLGW Pension Plan measures certain investments that do not have a readily determinable fair value using NAV as a practical expedient. The investments measured at NAV as a practical expedient are excluded from the fair value hierarchy because the valuation is not based on actual market inputs, but rather is quantified using the fund's reported NAV.

The following table displays information regarding investments that use NAV per share (or equivalent) as their fair value measurement:

Investments Measured at the Net Asset Value (NAV)			December 31, 2025		
	Fair Value December 31, 2025	Fair Value December 31, 2024	Unfunded Commitments	Redemption Notice Period	Redemption Frequency (if Currently Eligible)
Distressed debt funds [1]	$ 55,401,792	$ 64,263,740	$ 53,860,000	N/A	N/A
Equity hedge fund [2]	28,142,143	23,429,338	-	June 30th with March 15th notice, December 31st with September 15th notice	Semi-annually
Life settlement funds [3]	33,037,994	66,493,728	-	90-120 days	Quarterly
Multi-asset fund [4]	19,468,096	13,552,309	-	60 days prior notice	Quarterly
Private debt fund [5]	32,131,339	23,977,945	15,465,383	N/A	N/A
Private equity funds [6]	158,772,592	147,588,223	17,902,833	N/A	N/A
Real asset funds [7]	220,316,529	243,385,089	4,527,652	30 - 91 days	Quarterly or 2 years & 3 months after notice
Total investments measured at NAV	**$ 547,270,485**	**$ 582,690,372**	**$ 91,755,868**		

1. *Distressed debt funds.* This category includes four distressed debt funds that invest in senior secured debt as well as distressed and stressed assets that are restructuring or believed to be misunderstood in the marketplace. The MLGW Pension Plan investment in each fund is generally not subject to redemption and is normally returned through distributions as a result of liquidation. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 5 years.

2. *Equity hedge fund.* This category is composed of a firm that seeks to preserve capital in all markets and provide a 12-15% net return over rolling 5 year periods. Its portfolio is comprised of premier, fundamentally based, long/short equity funds. The fund only invests in managers who employ a bottom-up, research-intensive, long/short equity style. The MLGW Pension Plan investment in this fund can be redeemed semi-annually on June 30 with a March 15 notice and December 31 with a September 15 notice.

3. *Life settlement funds*: This category includes four life settlement funds that invest in longevity contingent assets, including life settlement and a portfolio of individuals, non-variable, life insurance policies. The MLGW Pension Plan investments in this category representing 5.0% can be redeemed quarterly with 90 days' notice; 30.0% can be redeemed quarterly with 120 days' notice. The remining 65.0% are not subject to redemption. It is expected that the underlying assets of these funds will be liquidated over the next 2 to 5 years.

4. *Multi-asset fund*. This category is composed of a fund that strives to maintain and grow capital with high investment income and capital appreciation by employing alternative strategies under a flexible investment mandate including both fund and direct investments. The MLGW Pension Plan investment in this category can be redeemed quarterly with 60 days' notice.

5. *Private debt fund.* This category contains a direct lending fund focused on providing senior-secured, floating rate loans to middle market borrowers. Its strategy is not centered on any specific industry, but it is focused on issuing USD-denominated loans to borrowers based in the United States. The MLGW Pension Plan investment in this fund is generally not subject to redemption and is normally returned through distributions as a result of liquidation. It is expected that the underlying assets of this fund will be liquidated over the next 5 years.

6. *Private equity funds.* This category includes thirteen private equity funds that invest in healthcare and technology, utilities, transportation and energy assets, high quality cash flowing companies, high-growth companies mainly through equity and equity-related instruments, and secondary investments across various sectors. Additionally, funds in this category invest in secondary venture capital opportunities through direct and fund investments. An emphasis will also be placed on middle market buyouts. The MLGW Pension Plan investments in this category are not subject to redemption and are normally returned through distributions as a result of liquidation. It is expected that the underlying assets of these funds will be liquidated over the next 1 to 9 years.

7. *Real asset funds*. This category includes eight real asset funds that invest in office, retail, industrial, and multi-family properties. Investments in this fund focus on building a portfolio that will withstand changes in the economy, capital market, and property market over the life of the Fund. The MLGW Pension Plan investments in this category representing 16.0% can be redeemed quarterly with 30 days' notice; 16.4% can be redeemed 2 years and 3 months after notice; 27.6% can be redeemed quarterly with 91 days' notice; 15.6% can be redeemed quarterly with 90 days' notice. The remaining 24.4% are not subject to redemption and it is expected that the underlying assets of these funds will be liquidated over the next 1 to 5 years.

6. INCOME TAX STATUS

The MLGW Pension Plan is qualified under section 401(a) of the Internal Revenue Code (the "Code"); therefore, the related trust is exempt from taxation.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Retirement and Pension System's Net Pension Liability (Asset)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 41,029,397	$ 36,855,543	$ 36,221,606	$ 34,219,146	$ 32,462,546	$ 32,142,431	$ 31,635,554	$ 31,185,071	$ 31,977,390	$ 32,590,805
Interest	126,349,785	122,967,231	118,225,931	113,017,147	111,731,945	109,265,045	110,927,046	108,431,791	103,730,509	102,247,950
Change in benefit terms	-	-	-	-	4,759,848	-	-	-	-	-
Differences between expected and actual experience	27,898,196	42,084,404	51,235,129	54,247,340	6,176,600	9,102,230	(5,039,880)	3,725,938	4,908,452	(11,297,656)
Changes of assumptions	-	(16,102,901)	-	-	40,219,423	-	(174,213)	-	-	-
Benefit payments, including refunds of employee contributions	(138,661,625)	(144,650,239)	(132,517,270)	(125,632,519)	(121,780,614)	(111,826,594)	(107,730,602)	(113,315,849)	(104,919,467)	(102,627,833)
Net change in Total Pension Liability	56,615,753	41,154,038	73,165,396	75,851,114	73,569,748	38,683,112	29,617,905	30,026,951	35,696,884	20,913,266
Total Pension Liability - beginning	1,833,298,337	1,792,144,299	1,718,978,903	1,643,127,789	1,569,558,041	1,530,874,929	1,501,257,024	1,471,230,073	1,435,533,189	1,414,619,923
Total Pension Liability - ending	1,889,914,090	1,833,298,337	1,792,144,299	1,718,978,903	1,643,127,789	1,569,558,041	1,530,874,929	1,501,257,024	1,471,230,073	1,435,533,189
Plan Fiduciary Net Position										
Contributions - employer	35,604,956	28,687,679	20,473,710	20,941,090	24,199,396	24,504,032	21,813,428	22,174,419	22,389,805	21,390,060
Contributions - employee	17,753,494	16,470,724	15,216,413	14,657,153	14,215,567	13,827,902	13,462,380	13,216,689	12,958,804	12,513,273
Net investment income (loss)	164,043,715	127,839,310	110,038,695	(200,888,252)	252,596,887	192,437,830	237,313,578	(39,995,874)	216,498,126	108,008,264
Benefit payments, including refunds of employee contributions	(138,661,625)	(144,650,239)	(132,517,270)	(125,632,519)	(121,780,614)	(111,826,594)	(107,730,602)	(113,315,849)	(104,919,467)	(102,627,833)
Administrative expense	(1,138,630)	(1,014,668)	(958,208)	(886,387)	(867,502)	(778,506)	(931,403)	(871,948)	(859,736)	(729,599)
Net change in Plan Fiduciary Net Position	77,601,910	27,332,806	12,253,340	(291,808,915)	168,363,734	118,164,664	163,927,381	(118,792,563)	146,067,532	38,554,165
Plan Fiduciary Net Position - beginning	1,591,677,723	1,564,344,917	1,552,091,577	1,843,900,492	1,675,536,758	1,557,372,094	1,393,444,713	1,512,237,276	1,366,169,744	1,327,615,579
Plan Fiduciary Net Position - ending	1,669,279,633	1,591,677,723	1,564,344,917	1,552,091,577	1,843,900,492	1,675,536,758	1,557,372,094	1,393,444,713	1,512,237,276	1,366,169,744
Net Pension Liability (Asset)- ending	$ 220,634,457	$ 241,620,614	$ 227,799,382	$ 166,887,326	$ (200,772,703)	$ (105,978,717)	$ (26,497,165)	$ 107,812,311	$ (41,007,203)	$ 69,363,445
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.33%	86.82%	87.29%	90.29%	112.22%	106.75%	101.73%	92.82%	102.79%	95.17%
Covered - employee payroll	$ 222,145,416	$ 207,482,561	$ 191,237,413	$ 184,709,533	$ 175,790,422	$ 173,424,888	$ 170,945,709	$ 169,605,389	$ 167,220,851	$ 161,925,757
Plan Net Pension Liability (Asset) as percentage of covered payroll	99.32%	116.45%	119.12%	90.35%	-114.21%	-61.11%	-15.50%	63.57%	-24.52%	42.84%

Notes to Schedule:

Benefit changes: There were no changes to the plan benefits reflected in the last two years.

Change of Assumptions: There were no changes to the assumptions reflected for the year ended December 31, 2025. The assumptions were updated for the December 31, 2024 pension liability based on the five-year experience study ending December 31, 2023. See Notes to Schedule page R-4.

Schedule of Division's Contributions to the Retirement and Pension System

Last 10 Fiscal Years

Year Ended December 31	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 35,604,956	$ 35,604,956	$ -	$ 222,145,416	16.03%
2024	28,687,679	28,687,679	-	207,482,561	13.83%
2023	20,473,710	20,473,710	-	191,237,413	10.71%
2022	20,941,090	20,941,090	-	184,709,533	11.34%
2021	24,199,396	24,199,396	-	175,790,422	13.77%
2020	24,504,032	24,504,032	-	173,424,888	14.13%
2019	21,813,428	21,813,428	-	170,945,709	12.76%
2018	22,174,419	22,174,419	-	169,605,389	13.07%
2017	22,389,805	22,389,805	-	167,220,851	13.39%
2016	21,390,060	21,390,060	-	161,925,757	13.21%

Notes to Schedule:

Methods and assumptions used to establish "Actuarially Determined Contribution" rates:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Valuation Date	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Census data collected	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age Normal
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	0.50%	1.00%	1.50%	2.50%	2.50%
						Level percent of payroll, using annual increases (2017-2020)/with amortization at pay (2014-2016)				
Amortization period of initial unfunded AAL	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Remaining amortization period	17 years	18 years	19 years	20 years	21 years	22 years	23 years	24 years	25 years	26 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognzied return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, futher adjusted, if necessary, to be within 30% of the market value.									
Investment rate of return	7.00%	7.00%	7.00%	7.00%	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%
		net of pension plan in	net of pension plan investment expense, including inflation							
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Cost of living adjustments	for years 2021-2025 presented below 0.750% for age 56-58 1.500% for ages 59-61 1.875% for ages 62* * ages 62 and above, and all disabled participants					for years 2014 - 2020 presented below: 0.83% for ages 56-58 1.65% for ages 59-61 2.06% for ages 62 *				
Salary increases	0.50% to 8.50%	0.50% to 8.50%	0.00% to 8.50%	0.00% to 8.50%	0.00% to 8.50%	0.00% to 8.50%	0.00% to 8.50%	0.00% to 6.75%	0.00% to 6.75%	0.00% to 6.75%
	Inflation plus merit increases that vary by age and service (for all years presented)									

Notes to Schedule: (*continued*)

Mortality Rates (2024-2025)

Pre-retirement	PRI-2012 Blue Collar Employee Mortality Table.
Healthy annuitants	PRI-2012 Blue Collar Healthy Annuitant Mortality Table, plus a 20% load for males and a 12% load for females.
Disabled annuitants	120% of PRI-2012 Disabled Retiree Mortality Table
Beneficiaries	112% of PRI-2012 Contingent Survivor Mortality Table
	Mortality rates were based on the PRI-2012 Mortality Tables, Headcount-Weighted, with sex-distinct rates, projected generationally with Scale MP-2021.

Mortality Rates (2021-2023)

Pre-retirement	PRI-2012 Employee Mortality Table
Healthy annuitants	120% of PRI-2012 Healthy Annuitant Mortality Table
Disabled annuitants	120% of PRI-2012 Disabled Retiree Mortality Table
Beneficiaries	120% of PRI-2012 Contingent Survivor Mortality Table
	Mortality rates were based on the PRI-2012 Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale SSA-2019

Mortality Rates (2019-2020)

Pre-retirement	PRI-2012 Employee Mortality Table
Healthy annuitants	120% of PRI-2012 Healthy Annuitant Mortality Table
Disabled annuitants	120% of PRI-2012 Disabled Retiree Mortality Table
Beneficiaries	120% of PRI-2012 Contingent Survivor Mortality Table
	All mortality tables above projected generationally with Scale SSA-2019

Mortality Rates (2016-2018)

Pre-retirement	RP-2014 Employee Mortality Table
Healthy annuitants	138% of RP-2014 Healthy Annuitant Mortality Table
Disabled annuitants	138% of RP-2014 Disabled Retiree Mortality Table
	All mortality tables above are projected generationally with a modified RPEC2014 projection table using a 15-year convergence period for cohort effects and a 10-year convergence period for age/period effects.

Schedule of Investment Returns

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense *	10.83%	8.83%	7.75%	(11.22%)	15.40%	12.75%	17.70%	(2.61%)	16.51%	8.66%

*The annual money-weighted rate of return on the Pension plan investments is calculated as the internal rate of return on investments, net of investment expense. A money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The Pension plan investment expense should be measured on the accrual basis of accounting.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Independent Auditor's Report

Board of Commissioners and Management
Memphis Light, Gas and Water Division
Retirement and Pension System
Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the Memphis Light, Gas and Water Division Retirement and Pension System (the "Plan"), which comprise the statement of fiduciary net position as of December 31, 2025, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2026. Our report disclosed that the statements of the Plan do not purport to present the financial position of the Light, Gas and Water Division of the City of Memphis or the City of Memphis as of December 31, 2025, and respective changes in their financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Memphis, Tennessee
June 12, 2026

MEMPHIS LIGHT, GAS AND WATER DIVISION
RETIREMENT AND PENSION SYSTEM

Summary Schedule of Prior Year Findings
Year Ended December 31, 2025

There were no prior findings reported.