

MINUTES OF THE TRUSTEES MEETING OF THE CINCINNATI SOUTHERN
RAILWAY TRUST

November 17, 2025

A regular meeting of the Board of Trustees of the Cincinnati Southern Railway Trust (the "Board") was held on Monday, Nov. 17, 2025, at 2:00 p.m. at the Cincinnati Parks Administration Office at 950 Eden Park Drive, Cincinnati Ohio. Paul Muething, Mark Mallory, Liz Keating and Paul Sylvester were present in person. Ashley Pannell, City of Cincinnati Law Department Supervising Attorney – General Counsel Complex Contracts; Holly Schnapf, Financial and Administrative Director of Cincinnati Southern Railway Trust; Allen Zaring, and Tim Bayer, representatives from UBS Financial Services, Inc. ("UBS"); and City of Cincinnati Finance Department Representative Christine Noone were also present. Additionally, UBS's Eric Gioia and Nadia Lovell presented virtually.

MISCELLANEOUS ADMINISTRATION

Mayor Mallory moved to approve the minutes from the Sept 16, 2025, Regular Meeting of the CSRT Board, and Mr. Sylvester seconded. The motion passed unanimously.

UBS PRESENTATION OF THE TRUST FUND PERFORMANCE

Mr. Gioia reported that the portfolio continues to do well and is up $\frac{3}{4}$ of a percentage point since the September meeting (over 12% growth YTD). It is up approximately \$200MM since the start of the calendar year. He then introduced Nadia Lovell - Head of Global Equity Strategy & Management for UBS.

Ms. Lovell spoke about UBS's predicted market outlook for the coming year and beyond. UBS forecasts that the US Equity market will gain another 10% in 2026 and that global market will also do well. They think the US economy will continue to slow a bit in first half of the year due to tariffs but will re-accelerate in the third and fourth quarters leading to approximately 2% GDP growth which should support corporate earnings. The key pillar of their positive view for the market is the strength of corporate fundamentals. Outside the US, global markets are also doing well, which emphasizes the value of diversification.

Mr. Gioia stated that they believe a combination of Fed easing, robust continued earnings and AI tailwinds will be supportive of both the overall economy and CSRT portfolio gains.

Mr. Bayer then reported that as of November 14, 2025, the CSR Trust was valued at \$1,833,641,995.96. This figure is after the \$28MM that has been distributed to the city (\$14MM payments on July 1 and Oct.1 of 2025). 51.2% of the portfolio is currently invested in publicly traded equities, 48.12% is in fixed income and .68% is in cash. The trust fund is up just shy of a quarter of a billion dollars since inception. Cash flow is strong from equity dividends and coupon payments from publicly traded bonds. He added that the investment strategy continues to focus on diversification with investments domestically and globally in large, medium and small companies in both developed and emerging markets. Fixed Income continues to focus on bonds with the highest credit

quality. He reported that the portfolio has seen 12.01% growth in this calendar year and 9.91% growth in the last 12 months.

Mr. Zaring then noted that, as reported in the September meeting, the correlation between stock and bond performance continues to be high. This could lead to significant risk for the Trust's portfolio if stocks and bond both see a downturn in the coming months. To protect against this risk, UBS recommends further diversification of the portfolio. UBS suggests the addition of investments in private infrastructure and private credit to the portfolio. They recommend best of class managers who specialize in each of these investments, including: Brookfield Asset Management, Macquarie Asset Management, Apollo Global and Carlyle Group.

They suggest investing approximately 5% of the trust fund in private infrastructure and 5% in private credit. These funds would be reallocated from existing stock investments (reduced to 45%) and bonds investments (reduced to 45%). This reallocation is projected to raise the trust fund's annualized return slightly (.1%) and lowers volatility by .6%. Additionally, the annual yield for the current portfolio is estimated at 2.78% vs. an estimated 3.17% for the portfolio with the recommended alternative investments. This is equal to an additional \$8MM/year. Mr. Zaring added that many local endowments, including the Cincinnati Retirement Plan System and the University of Cincinnati Endowment have even higher percentages of funds invested in alternatives (36% and 54% respectively).

He added that there are structurally higher fees associated with these types of investments. In the current portfolio, CSRT pays UBS a .0312% advisory fee and a .092% weighted manager fee for a total fee of .123%. For alternative investments, the advisory fee stays the same, but the weighted manager fee is .199% for a total fee of .231%. However, this higher weighted manager fee is paid in increased projected returns, while providing greater diversification and lowering risk to the portfolio.

Mr. Muething asked for clarification regarding UBS's suggestion for how investments are divided among the recommended investment managers. Mr. Zaring explained that they are recommending two-thirds would be invested with core managers who have diversified strategies and 1/3 would be allocated to specialists: 3% to Brookfield Infrastructure Income Fund, 3% to Apollo Debt Solutions BDC, 2% to Macquarie Energy Transition Infrastructure Fund and 2% to Carlyle Tactical Private Credit Fund (CTAC). Mr. Bayer added that this additional diversification (two managers per category) further reduces risk.

Ms. Keating noted that in the previous meeting UBS had mentioned considering investments in precious metals and asked why they had altered their recommendations. Mr. Zaring explained that precious metals do not provide any yield and as such are not optimal for the Trust's yield-focused portfolio. Mr. Bayer added that there is some commodity exposure within the portfolio's equity components. However, they find that commodities can be a more volatile asset class, and that going into the coming year they want to add more elements of stabilization and conservatism. Adding private credit and

infrastructure investments in the coming year could help protect the gains we have seen so far as we head into what could be volatile equity and bond market conditions.

Mr. Muething asked why UBS isn't recommending investing even more in the private infrastructure and private credit asset classes. Mr. Zaring explained that for every 10% you invest, you experience 10 additional basis points of cost (approximately \$2MM).

Mr. Zaring explained that they are proposing an update to the asset allocation in CSRT's Investment Policy Statement. The recommendation for the new Investment Policy Statement language:

"The Spending Policy seeks to align the competing goals of stability in its support of the City of Cincinnati's existing infrastructure and preservation of the Trust in the future. The Board intends to distribute a majority of the investment income generated by the CSR Trust in each of the City's fiscal years, the period between July 1 and June 30.

In accordance with state law, no payments are permitted from the CSR Trust if the portfolio balance decreases by 25% or greater from the balance of the prior fiscal year, until the portfolio value returns to the level at the end of the prior fiscal year.

Spending Formula: The amount available for distribution during each fiscal year shall be calculated by considering the policy spending rate applied to the average of the previous three fiscal years' ending-period portfolio values. The policy spending rate shall be targeted at 3.5% per fiscal year, the period between July 1 and June 30, payable quarterly.

The board shall have the discretion to increase or decrease the product determined above based on market conditions, demonstrated needs of the city, or otherwise."

Mr. Sylvester asked for clarification that if the board were to decide to go above or below the formula, they would just have to have justification and agreement by the board. Mr. Zaring confirmed that was correct. Mr. Sylvester added that this made sense to him and is appropriate at this time considering the changes in inflation. Mr. Muething added that if this investment policy is adopted, it will be beneficial in giving the City guidance regarding what they can anticipate receiving if all goes according to plan. Mr. Sylvester added that it also adds consistency for the board as membership changes in the future. Mr. Muething noted that this formula is consistent with how many other foundations determine allocations annually. Ms. Keating asked whether the new policy would go into effect in 2026 or immediately after the vote. Mr. Zaring said it would go into effect immediately. Mr. Muething added that June 30, 2026, will be the first time the board will have a three-year average to apply the 3.5% formula.

Mr. Zaring continued that the next update to the Investment Policy would be to lower the targeted fixed income investment from 50% to 45% and lower the targeted equity investment from 50% to 45%, then increase the total alternative investments target to 10% with a minimum range of 0 and a maximum range of 30%. Minimums would also go down in higher risk sub-categories of fixed income and equities to 0%.

Mayor Mallory moved to accept the proposed changes to the investment policy, including the updated language of the Investment Policy Statement and the updated asset allocation percentage to allow investments in infrastructure and public credit. Mr. Sylvester seconded the motion. The motion passed unanimously.

TREASURERS REPORT

There were no invoices this quarter.

MISCELLANEOUS BUSINESS

Ms. Schnapf updated the Board that City projects receiving CSRT funding will now have signage displayed with more information about the project and the tagline, "Your Railroad Dollars at Work."

Ms. Schnapf then suggested the following 2026 meeting dates (all at 3 p.m. at the Cincinnati Parks Administration Office): 2/17, 5/19, 9/15 and 11/17.

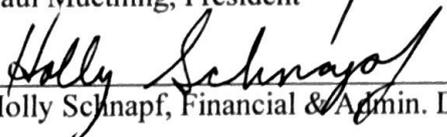
ADJOURNMENT

Mr. Sylvester moved to adjourn the meeting. Mayor Mallory seconded the motion. The motion carried.



Paul Muething, President

2/10/26
Date



Holly Schnapf, Financial & Admin. Director

2/10/26
Date