

December 2024

# BUILDING THE TRUST

## Investment Management



**Teacher Retirement System of  
Texas**

1000 Red River Street  
Austin, Texas  
78701-2698



**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING  
BOARD OF TRUSTEES  
AND  
INVESTMENT MANAGEMENT COMMITTEE**

*(Committee Chair and Members: Mr. Corpus, Chair; Ms. Allred; Mr. Elliott,  
Ms. Sissney and Mr. Walls, Jr.)*

*All or part of the December 5, 2024, meeting of the TRS Investment Management Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum and the presiding officer of the meeting physically present at the following location, which will be open to the public during the open portions of the meeting: **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5<sup>th</sup> Floor, Boardroom.***

*The open portions of the December 5, 2024, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting is provided at [www.trs.texas.gov](http://www.trs.texas.gov). A recording of the meeting will be available at [www.trs.texas.gov](http://www.trs.texas.gov).*

**AGENDA  
December 5, 2024 – 12:00 p.m.**

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the September 2024 committee meeting – Committee Chair.
3. CIO Update including Talent Management; Accomplishments; Notices; Awards; Key Dates and Upcoming Events – Jase Auby.
4. Discuss the Third Quarter 2024 Performance Review – Mike Comstock and Amy Woeste, Aon.
5. Update of the Trading Group – Jamie Llano.
6. Update on the IMD Legal & Compliance – Heather Traeger, Denise Lopez and Chris Bowlin
7. Update of Risk and Portfolio Management – James Nield and Mark Telschow.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Investment Management Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.



## **Minutes of the Investment Management Committee September 19, 2024**

The Investment Management Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, September 19, 2024, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

### **Committee members present:**

Mr. David Corpus, Chair  
Ms. Brittny Allred  
Mr. John Elliott  
Mrs. Nanette Sissney  
Mr. Robert H. Walls, Jr.

### **Other TRS Board Members present:**

Mr. Mike Ball  
Mr. James D. Nance  
Mr. John R. Rutherford  
Mr. Elvis Williams

### **Others present:**

Brian Guthrie, TRS  
Caasi Lamb, TRS  
Heather Traeger, TRS  
Jase Auby, TRS  
Amanda Jenami, TRS  
Don Green, TRS  
Katy Hoffman, TRS  
James Nield, TRS  
Melissa Jerkins, TRS  
Katherine Farrell, TRS  
Suzanne Dugan, Cohen Milstein  
Dr. Keith Brown, Board Advisor  
Mike McCormick, Aon  
Mike Comstock, Aon.

Investment Management Committee Chair, Mr. David Corpus, called the meeting to order at 8:03 a.m.

### **1. Call roll of Committee members.**

Ms. Farrell called the roll. A quorum was present.

### **2. Consider the approval of the proposed minutes of the July 2024, Investment Management Committee meeting – Chair David Corpus.**

On a motion by Ms. Sissney, seconded by Mr. Elliott, the committee approved the proposed minutes for the July 2024 Investment Management Committee meeting as presented.

**3. CIO Update including Fleet Strategy; Talent Management; Accomplishments; Notices; Awards; Key Dates and Upcoming Events, and Market Update – Jase Auby.**

Mr. Jase Auby provided a high-level review reporting the Trust ended the second quarter of 2024 with a one-year return of 9.0 percent as of June 30th with 333 basis points of excess points or alpha. He noted this was the highest alpha in the history of TRS. He said at the last Board meeting the SAA was approved and the teams working hard getting all of those transactions up and running, setting up new accounts, all well in hand. He announced the Investment Data Management (IDM) program executed a key contract with a company called SimCorp. He said this will allow TRS to calculate our own investment book of record, a shadow accounting book.

Mr. Auby provided a historical background to what the markets have done when the Federal Reserve makes its first rate cut in response the Federal Reserve cutting the short-term interest rate by 50 basis points yesterday. He discussed the Sahm Rule being triggered, which has in the past been highly predictive of recessions, since the last Board meeting. He said the main reason why a recession has been forestalled so far has been the strength of the U.S. consumer.

Mr. Auby concluded his report with his semiannual special topic focused on the importance of corporate earnings to the performance of the stock market.

**4. Discuss the Second Quarter 2024 Performance Review – Mike McCormick and Mike Comstock, Aon.**

Mr. Mike McCormick began by noting global equities have driven growth for the Trust. He reported global equities is about 55 percent of the portfolio and up about 14 percent. He said back in 2022 there was a lot of uncertainty in equities as well as interest rates, while the real estate portfolio did very well. He said today there is uncertainty in the real estate market and real estate prices are starting to decline. He said there were positive outcomes from the risk parity part of the portfolio. He said the absolute return continues to intentionally be overweight. He reported that every asset class but one beat its benchmark. In response to Dr. Brown's inquiry about the benchmarks, Mr. McCormick stated 75 percent of the assets have a benchmark of no debate but for 25 percent of the assets, such as private equity, absolute return there are potentially many different reasonable benchmarks. Dr. Brown noted that while performance has been remarkable with regard to alpha, the peer performance comparisons present a different picture where TRS is in the bottom quartile. Dr. Brown stated the Board sets the Strategic Asset allocation, or the package of risk the system takes, and performance indicates a different vision than other systems trying to do the same thing. Dr. Brown agreed with Mr. Elliott, that nobody knows the future and the peer group that has a different vision of how to invest assets at a strategic level may be in a different position and it was important for the Board to be comfortable with its positioning.

## **5. Review of the Semi-annual Risk Report – James Nield and Melissa Jerkins.**

Mr. James Nield began by reporting all eight key metrics remain in compliance with policy. He reviewed four of the metrics: asset allocation, value at risk (VaR), Tracking Error and Securities Lending. He said for asset allocation the second quarter ended at 104.7 percent investment exposure, or 0.7 percent above the policy allocation. Ms. Melissa Jerkins reported the VaR was 6.3 percent. She reviewed how Tracking Error measures how much a portfolio differs from its benchmarks. She said the total Trust tracking error has been 97 basis points for the past three years, almost one percent. Mr. Nield concluded with reporting \$20 million was made over the past year from Securities Lending.

There being no more business before the Investment Management Committee, the committee adjourned at 9:18 a.m.

Approved by the Investment Management Committee of the Board of Trustees of the Teacher Retirement System of Texas on December \_\_ 2024.

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Katherine H. Farrell  
Secretary to the Board of Trustees  
Teacher Retirement Systems of Texas

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Date



# CIO Update

Jase Auby, Chief Investment Officer

December 2024



# CIO Update

## IMD at a Glance

### Priorities

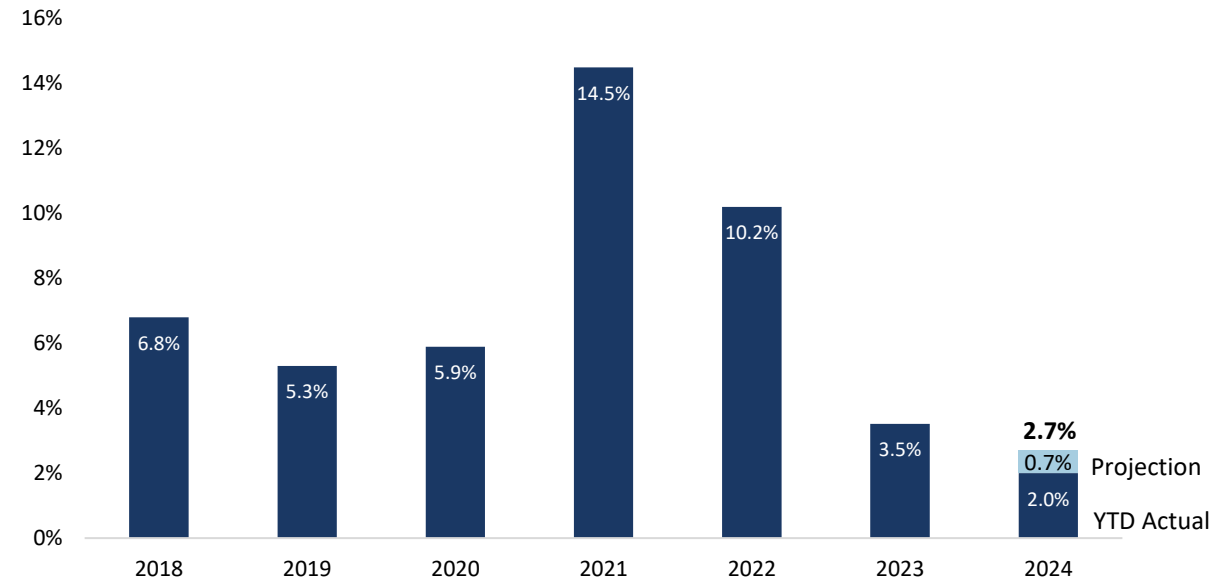
- **Performance.** The Trust ended the third quarter of 2024 with a 1-year return of 17.1% and +241 bp of excess return. The 3-year return is 4.1% with +146 bp of excess return
- **SPN Summit.** Hosted Strategic Partnership Network (SPN) Public Summit in New York
- **SAA Update.** Continued implementation across the Trust on planned asset and portfolio transitions
- **Annual Planning.** Engaged in annual priority-setting and capital-planning processes in preparation for 2025

### Our People

#### Snapshot as of September 2024

IMD FTEs	256
Contractors	9

As of September 2024

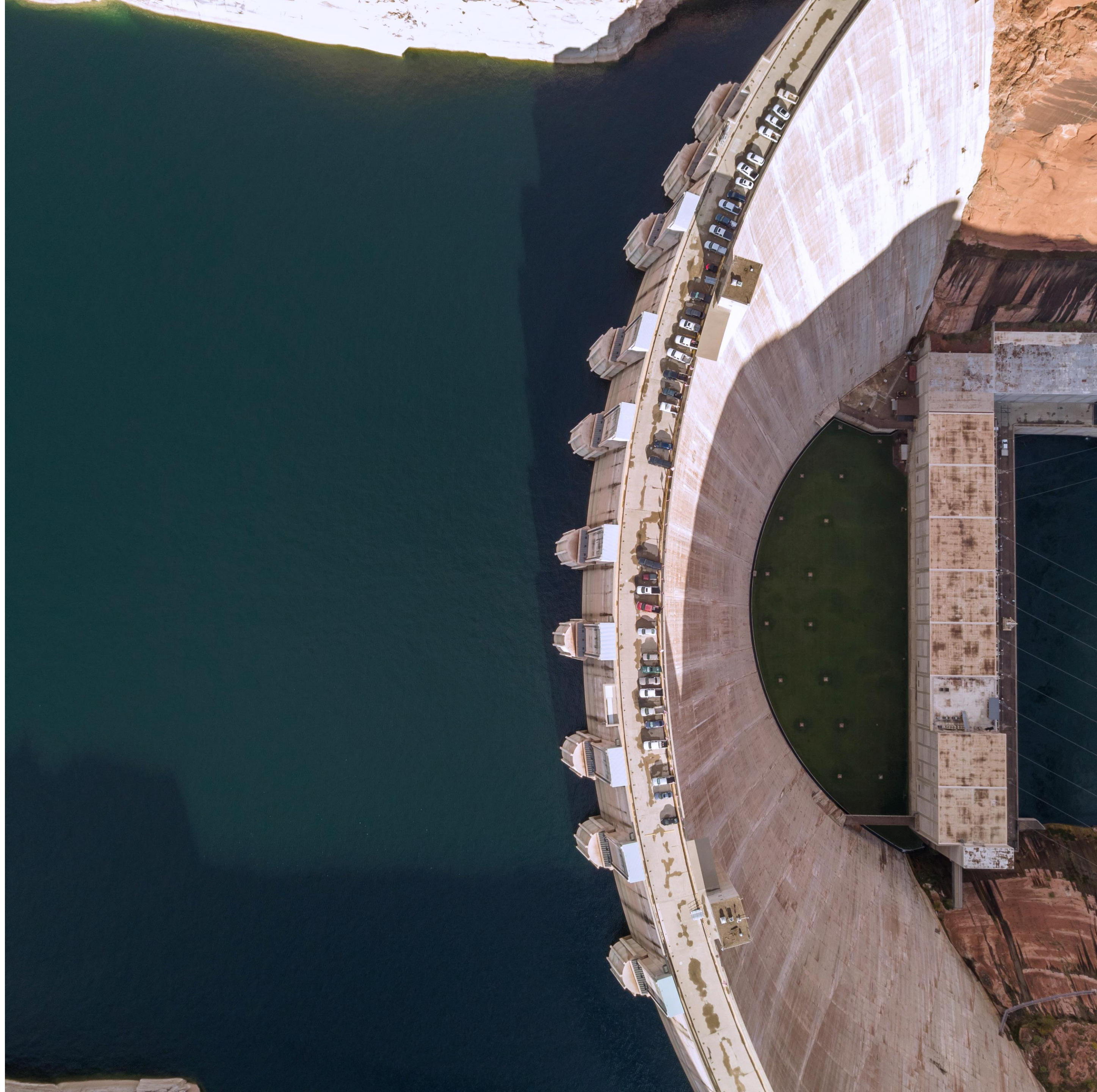




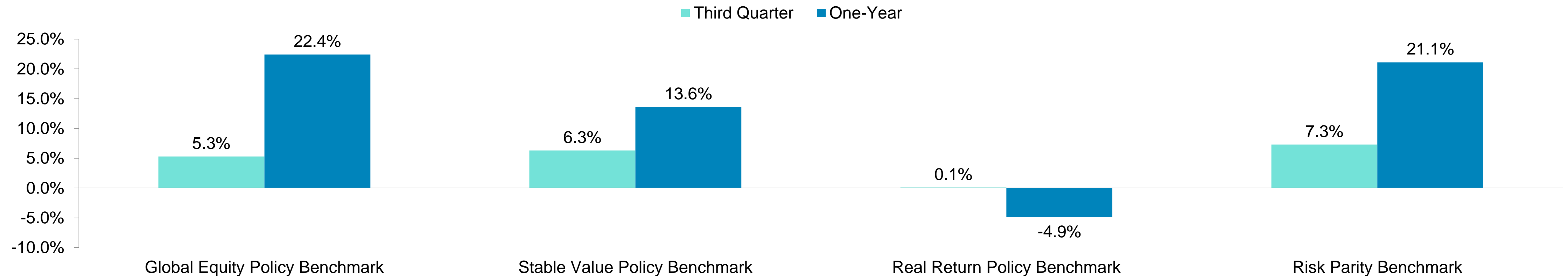
# Teacher Retirement System of Texas

Performance Review:  
Third Quarter 2024

Investment advice and consulting services provided by Aon Investments USA, Inc.  
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# Summary



In Q3 2024, the global equity markets rose amid volatility. The S&P 500 Index continued making new highs, despite a mixed outlook on earnings and a slightly weaker-than expected labor market. Easing inflation, continued economic growth, and outperformance by financials and industrials pushed the S&P 500 higher.

Global equities rose 5.3% for the quarter, and they returned 22.4% over a trailing 1-year period

The U.S. Fed cut its benchmark interest rate by 0.5% to a range of 4.75%–5.0%, the first rate cut in more than 4 years. The Federal Open Market Committee (FOMC) stated that “inflation is moving sustainably toward 2%, and judges that the risks to achieving its employment and inflation goals are roughly in balance.” According to the latest Fed “dot plot”, policymakers are projecting a target range of 4.25% to 4.50% by the end of 2024, a full percentage point reduction in 2025, and the rate falling below 3% in 2026.

TRS returned 4.5% for the quarter which was 0.2 percentage points below its benchmark

–Underperformance at the asset class level for Global Equity was the primary driver for relative results.

For the trailing twelve months, TRS returned 17.1% versus the benchmark return of 14.7%

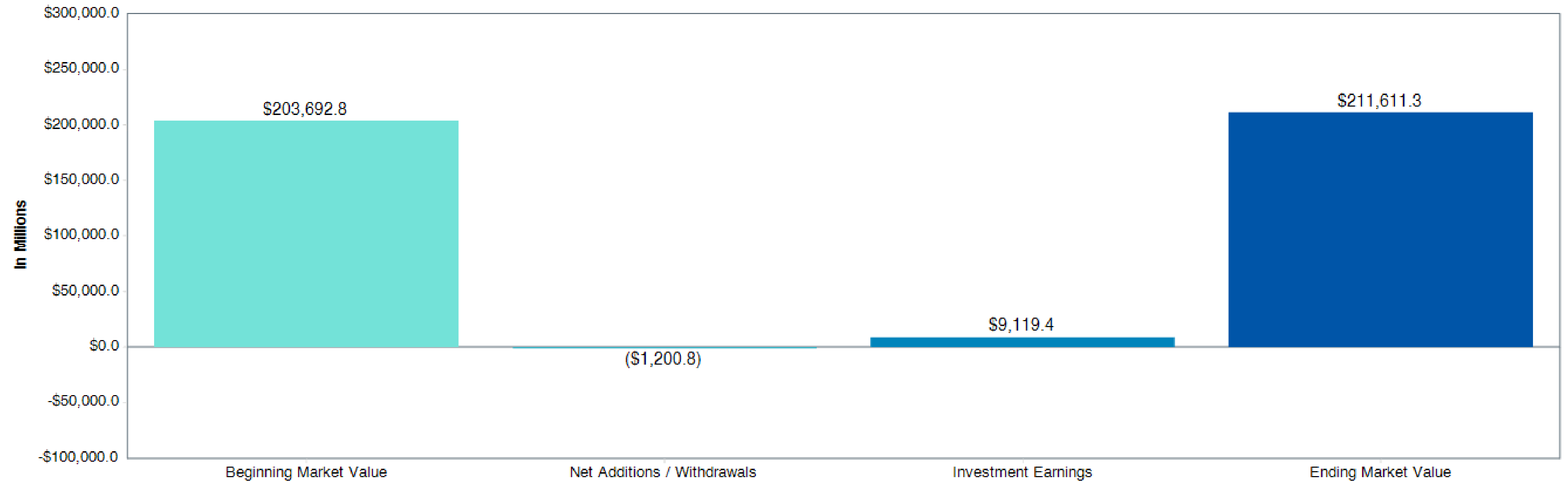
–Outperformance from the Global Equity and Real Return asset classes were the primary drivers of relative performance

# 1. Market Summary – Third Quarter 2024

	Third Quarter	YTD	One Year	Three Years	Five Years	Ten Years
<b>Global Equity:</b>						
TF USA Benchmark	6.1%	20.7%	35.3%	10.4%	15.4%	12.9%
TRS Non-US Developed Benchmark	7.7	13.0	25.0	5.5	8.3	5.6
TRS Emerging Markets Benchmark	6.3	14.8	26.8	0.4	5.8	4.0
HFRI Fund of Funds Composite Index	2.0	7.0	10.3	2.6	5.5	3.7
State Street Private Equity Index (quarter lagged)	1.3	5.7	5.8	5.3	13.5	11.8
Global Equity Policy Benchmark	5.3	13.5	22.4	6.5	11.9	9.4
<b>Stable Value:</b>						
Bloomberg Barclays Long Treasury Index	7.8%	2.4%	15.4%	-8.4%	-4.3%	1.1%
HFRI Fund of Funds Conservative Index	1.4	4.8	6.8	3.7	5.2	3.6
Absolute Return Benchmark	2.4	7.3	9.9	8.0	5.8	4.6
90 Day U.S. Treasury Bill	1.4	4.2	5.6	3.6	2.4	1.7
Stable Value Policy Benchmark	6.3	3.1	13.6	-5.4	-1.9	1.8
<b>Real Return:</b>						
Bloomberg Barclays U.S. TIPS Index	4.1%	4.9%	9.8%	-0.6%	2.6%	2.5%
NCREIF ODCE (quarter lagged)	-0.7	-8.1	-10.0	1.0	2.3	5.5
Energy, Natural Resources & Infrastructure Benchmark	1.7	5.0	7.2	10.4	7.9	--
Goldman Sachs Commodities Index	-5.3	5.2	-6.1	8.8	8.0	-2.4
Real Return Policy Benchmark	0.1	-4.0	-4.9	3.8	4.0	5.1
<b>Risk Parity:</b>						
Risk Parity Benchmark	7.3%	11.3%	21.1%	-2.3%	2.8%	4.0%
TRS Policy Benchmark	4.7%	7.6%	14.7%	2.7%	7.1%	6.8%

## 2. Market Value Change

From July 1, 2024 to September 30, 2024



Summary of Cash Flows					
	1 Quarter	Year to Date	1 Year	3 Years	5 Years
<b>Total Fund</b>					
Beginning Market Value	203,692,767,909	192,953,353,892	181,655,621,941	196,726,883,865	157,632,311,142
+ Additions / Withdrawals	-1,200,840,489	50,129,699	-1,072,484,648	-9,217,046,210	-17,172,049,282
+ Investment Earnings	9,119,419,454	18,607,863,284	31,028,209,582	24,101,509,220	71,151,085,015
<b>= Ending Market Value</b>	<b>211,611,346,875</b>	<b>211,611,346,875</b>	<b>211,611,346,875</b>	<b>211,611,346,875</b>	<b>211,611,346,875</b>

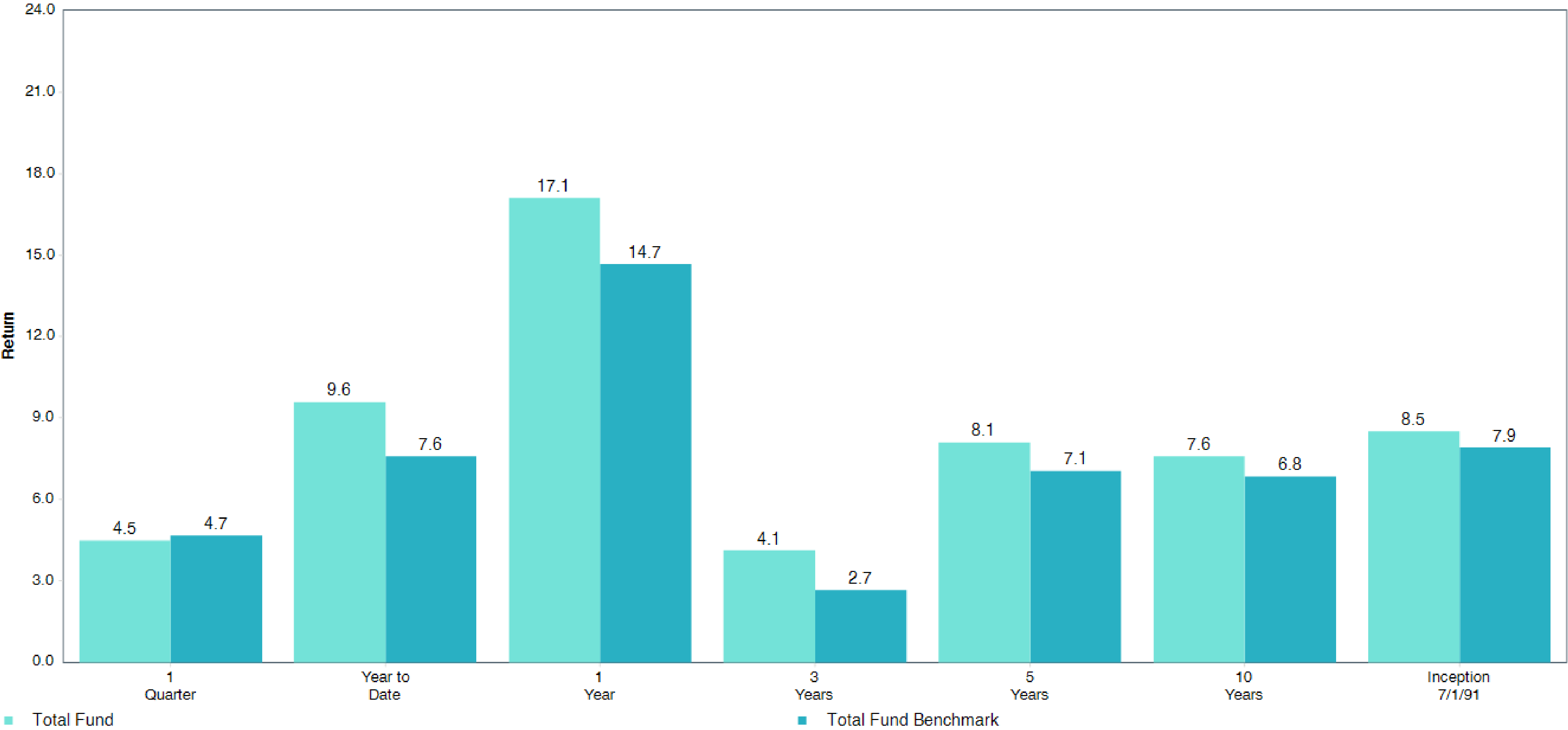
### 3. Asset Allocation Detail

	Market Value \$ in millions) as of 9/30/2024		Interim Policy Target	Relative to Interim Policy Target	Long Term Policy Target	Long Term Policy Ranges
	(\$)	(%)				
<b>Investment Exposure</b>	--	105.2%	104.0%	+1.2%	104.0%	93-115%
Total U.S.A.	\$39,313	18.6%	17.3%	+1.3%	18.0	13-23%
Non-U.S. Developed	\$28,349	13.4%	12.5%	+0.9%	13.0	8-18%
Emerging Markets	\$16,658	7.9%	8.6%	-0.7%	9.0	4-14%
Private Equity	\$33,369	15.8%	16.5%	-0.7%	14.0	9-19%
<b>Global Equity</b>	<b>\$117,688</b>	<b>55.6%</b>	<b>55.0%</b>	<b>+0.6%</b>	<b>54.0</b>	<b>47-61%</b>
Government Bonds	\$29,392	13.9%	15.4%	-1.5%	16.0	0-21%
Stable Value Hedge Funds	\$10,436	4.9%	4.8%	+0.1%	5.0	0-10%
Absolute Return	\$7,478	3.5%	0.0%	+3.5%	0.0	0-20%
<b>Stable Value</b>	<b>\$47,306</b>	<b>22.4%</b>	<b>20.2%</b>	<b>+2.2%</b>	<b>21.0</b>	<b>14-28%</b>
Real Estate	\$29,751	14.1%	14.4%	-0.3%	15.0	10-20%
Energy, Natural Resource and Inf.	\$14,299	6.8%	6.8%	0.0%	6.0	1-11%
Commodities	\$236	0.1%	0.0%	+0.1%	0.0	0-5%
<b>Real Return</b>	<b>\$44,285</b>	<b>20.9%</b>	<b>21.2%</b>	<b>-0.3%</b>	<b>21.0</b>	<b>14-28%</b>
Risk Parity	\$13,388	6.3%	7.7%	-1.4%	8.0	0-13%
<b>Risk Parity</b>	<b>\$13,388</b>	<b>6.3%</b>	<b>7.7%</b>	<b>-1.4%</b>	<b>8.0</b>	<b>0-13%</b>
Cash	\$7,002	3.3%	2.0%	+1.3%	2.0	0-7%
Asset Allocation Leverage	-\$18,058	-8.5%	-6.0%	-2.5%	-6.0	--
<b>Net Asset Allocation</b>	<b>-\$11,056</b>	<b>-5.2%</b>	<b>-4.0%</b>	<b>-1.2%</b>	<b>-4.0</b>	<b>--</b>
<b>Total Fund</b>	<b>\$211,611</b>			<b>---</b>	<b>100.0%</b>	<b>--</b>

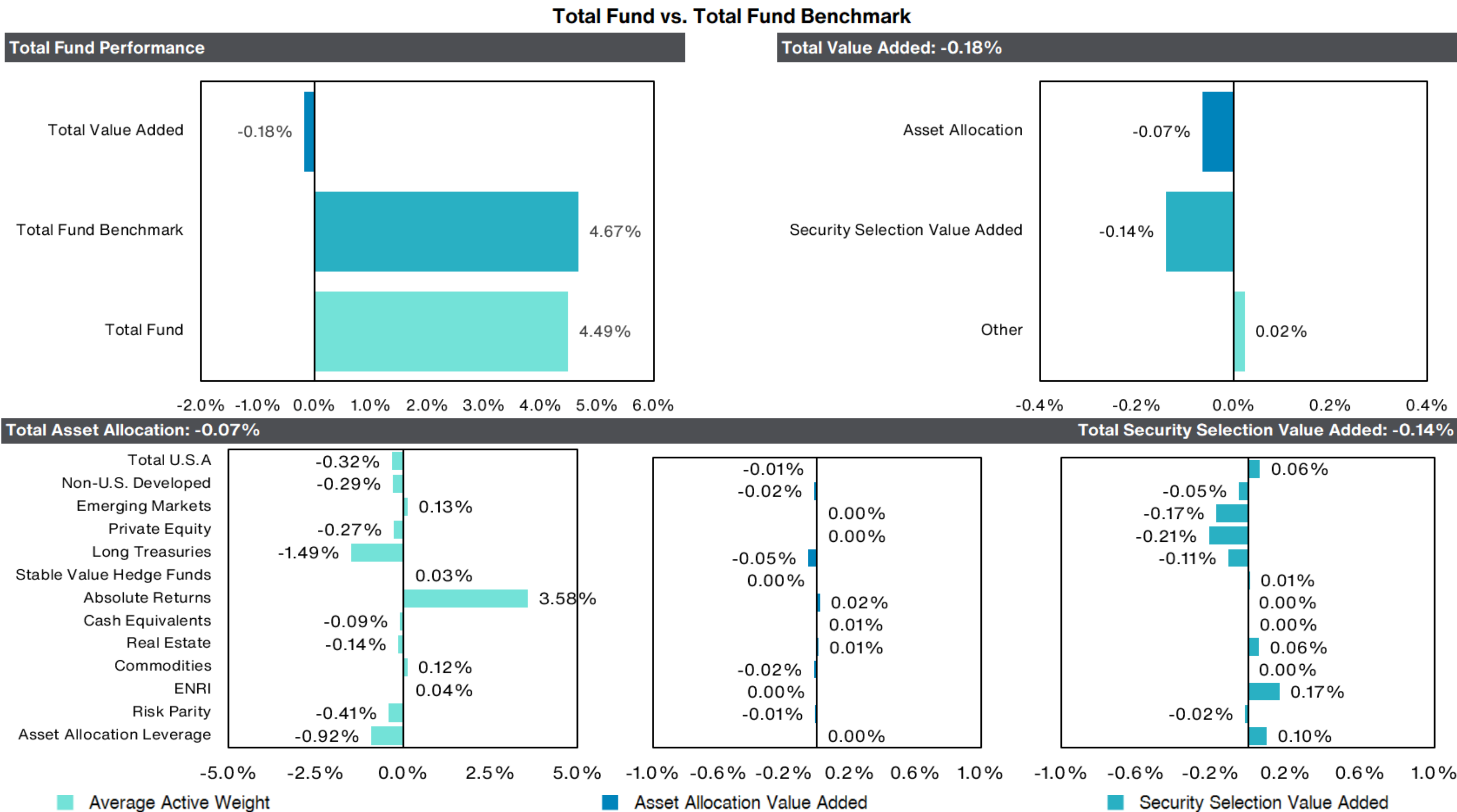
Note: Asset allocation information shown above is based upon MOPAR reporting. The excess returns shown above may not be a perfect difference between the actual and benchmark returns due entirely to rounding.

# 4. Total TRS Performance Ending 9/30/2024

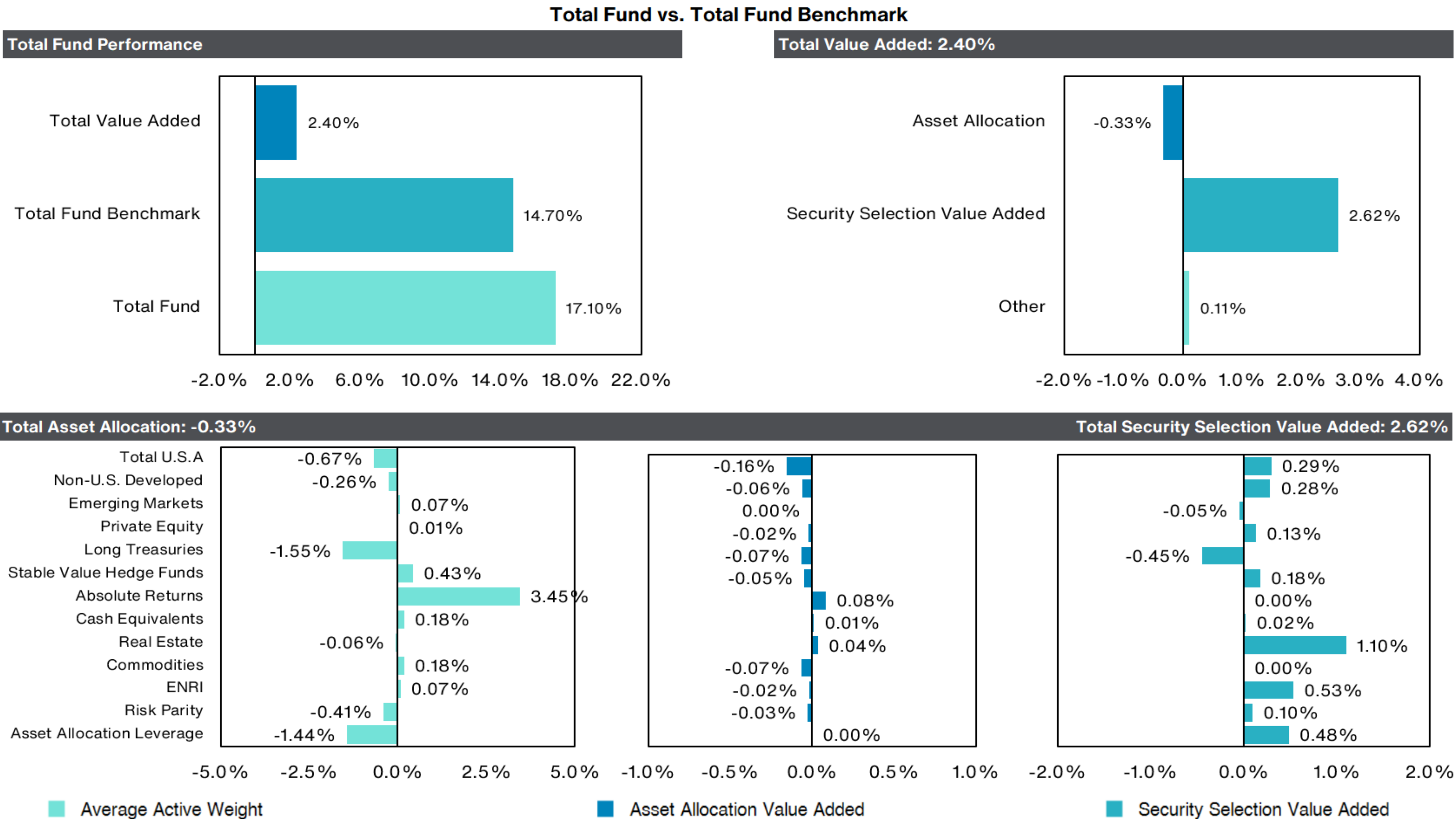
## Return Summary



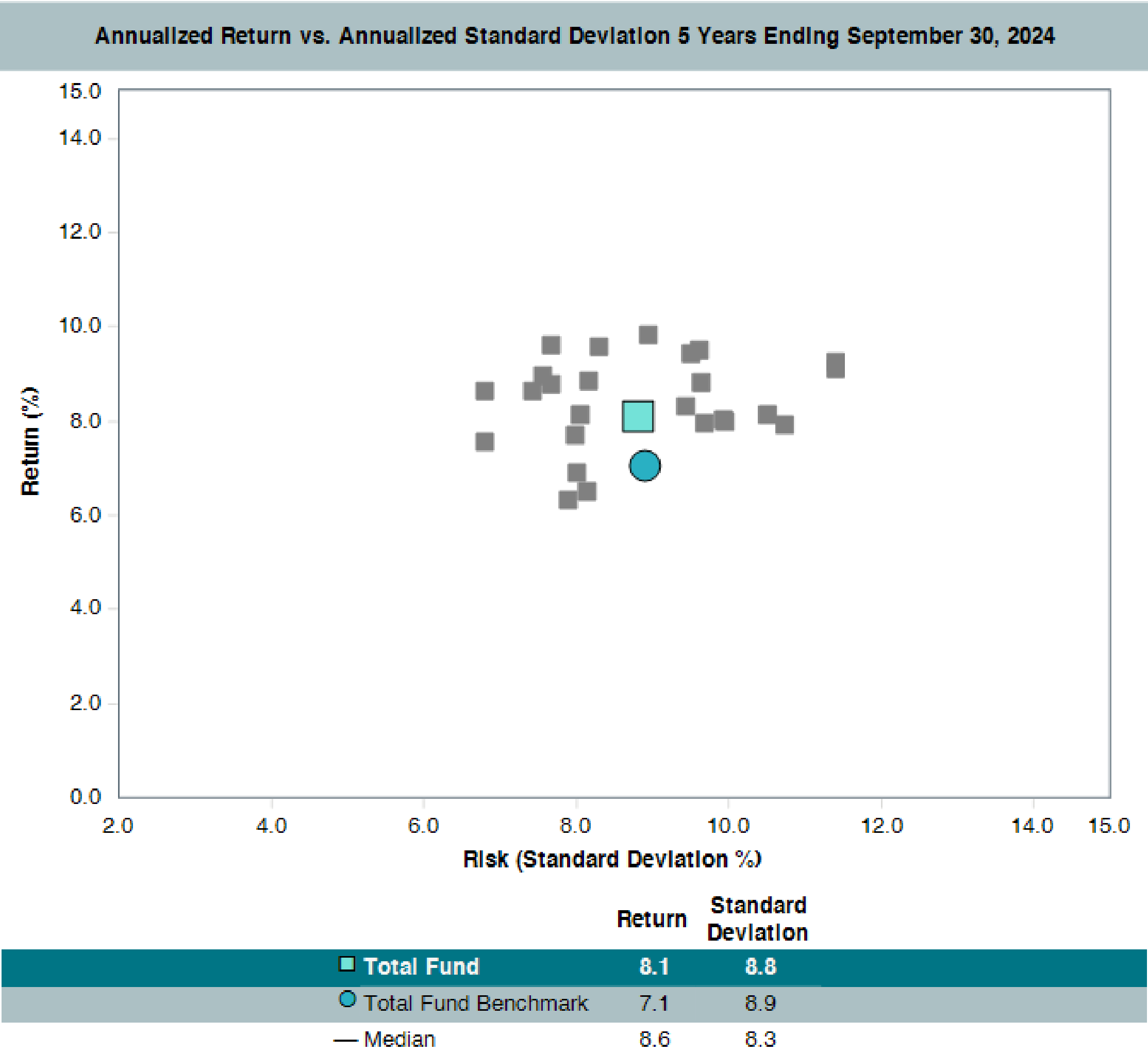
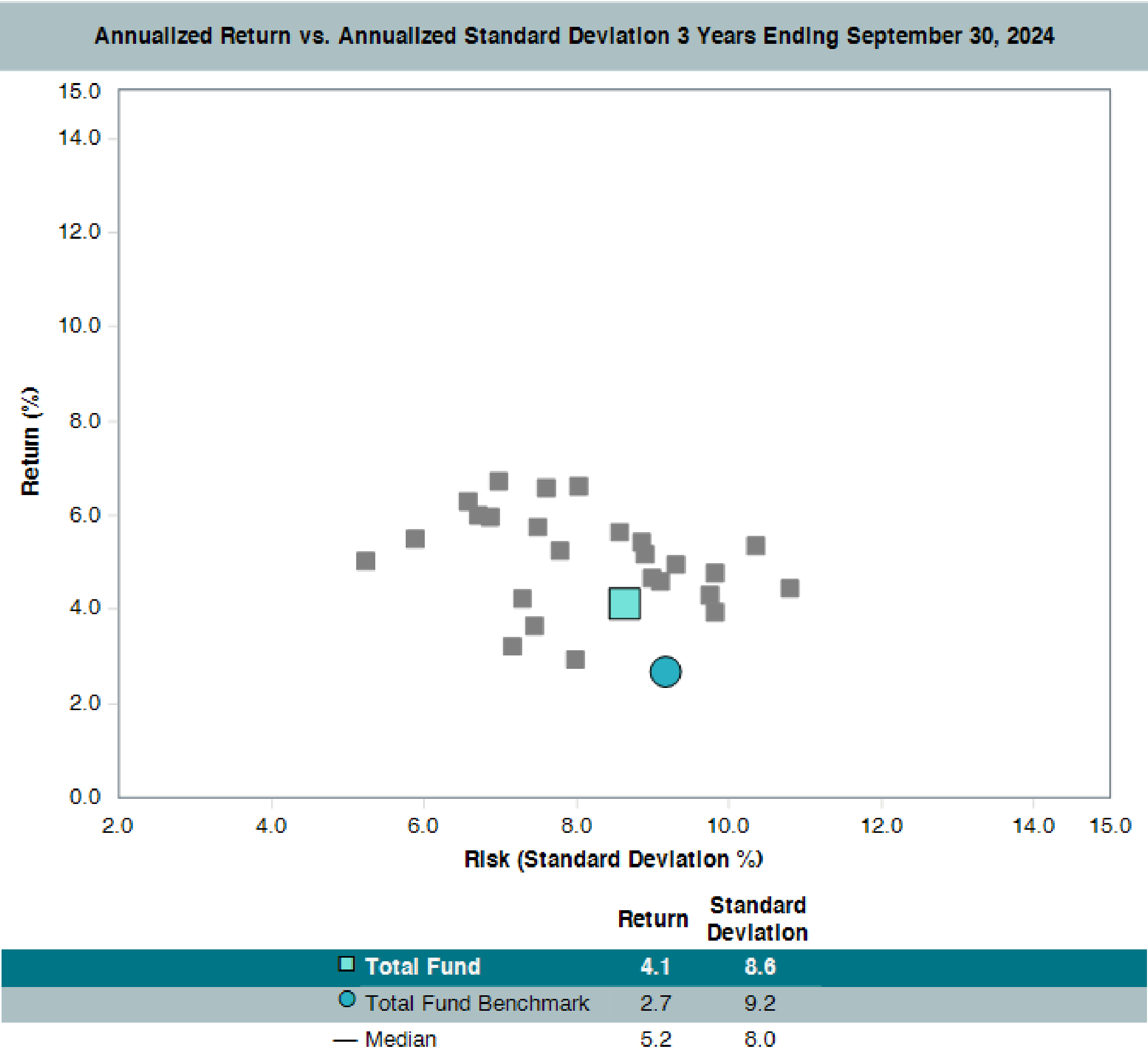
# 5. Total Fund Attribution – One Quarter Ending 9/30/2024



# 5. Total Fund Attribution – One Year Ending 9/30/2024

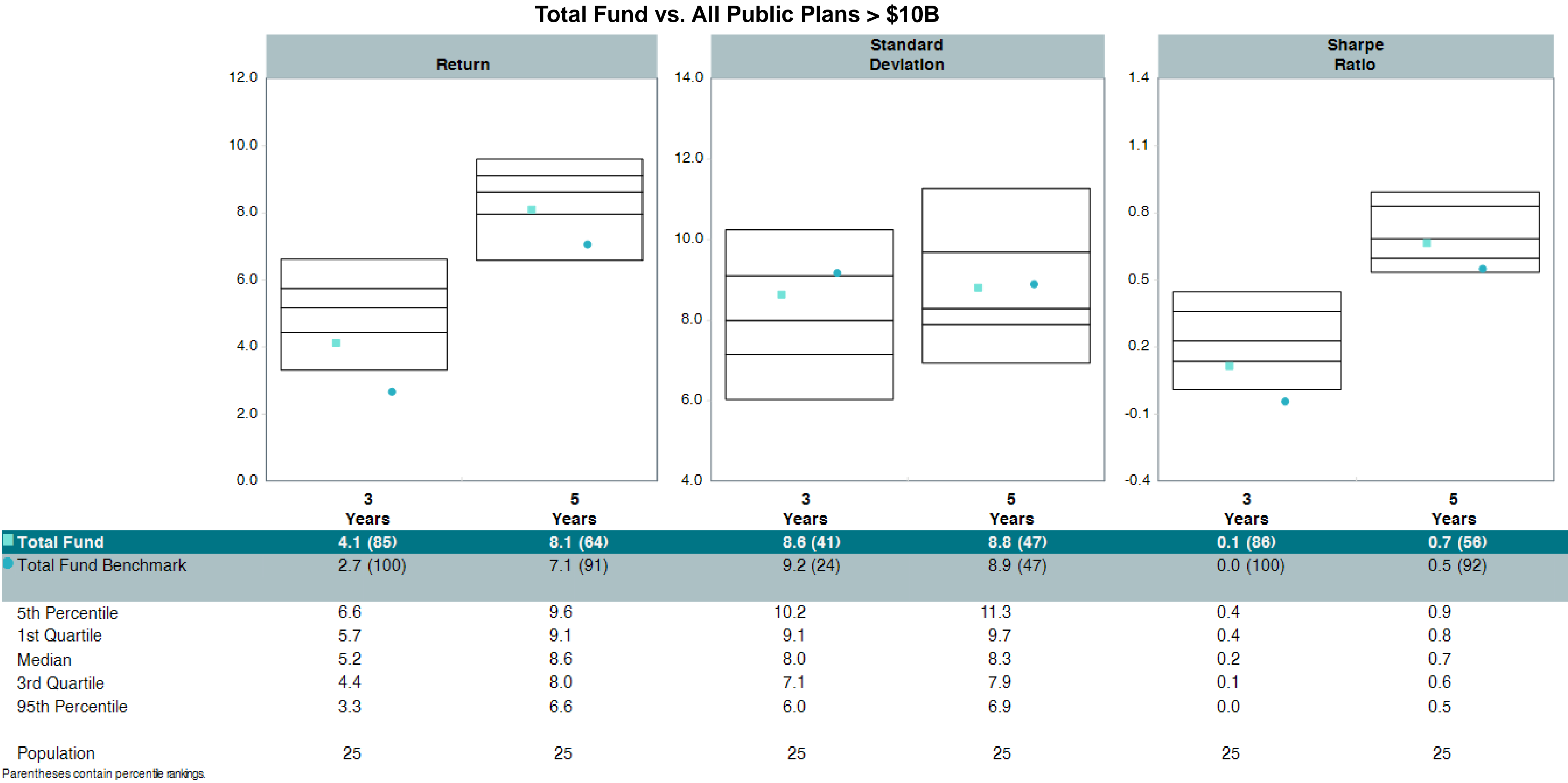


# 6. Risk Profile: Total Fund Risk-Return vs. Peers

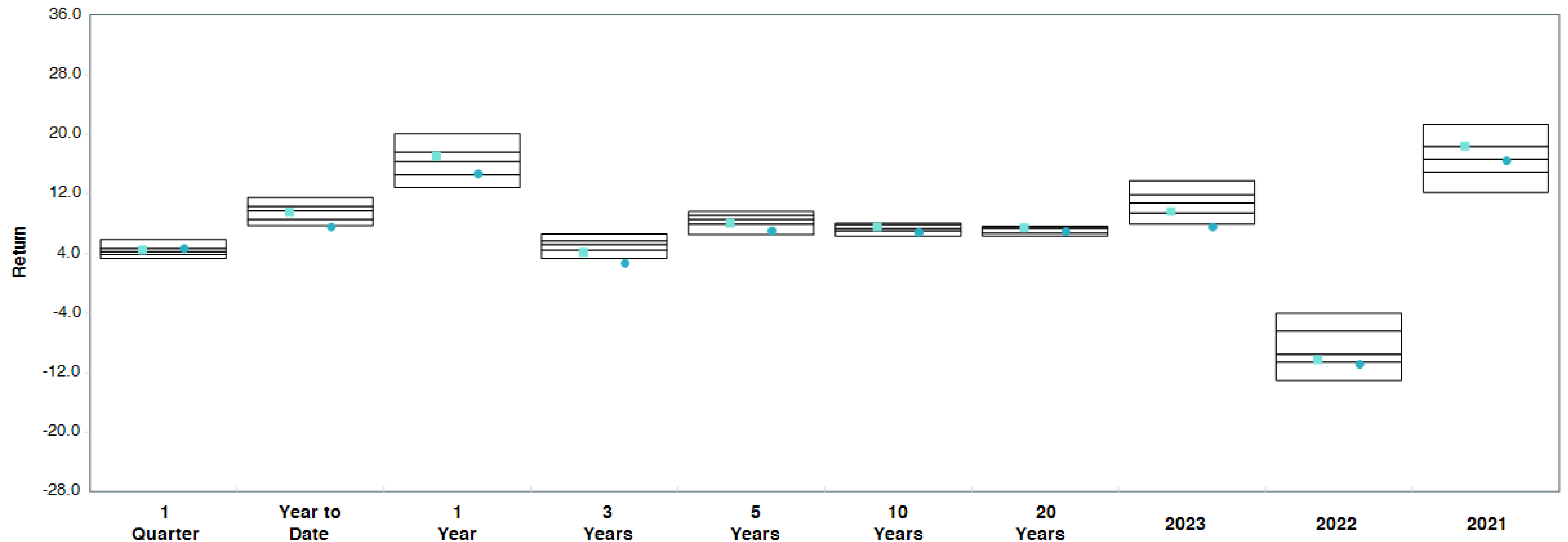


Note: Public Plan peer group composed of 25 public funds, for 3- and 5-year periods, with total assets in excess of \$10B as of 9/30/2024. An exhibit outlining the asset allocation of the peer portfolios is provided in the appendix of this report.

# 6. Risk Profile: Trailing 3-Year and 5-Year Risk Metrics Peer Comparison



## 6. TRS Performance vs. Peers (>\$10 Billion) as of 9/30/2024



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	20 Years	2023	2022	2021
■ Total Fund	4.5 (32)	9.6 (56)	17.1 (45)	4.1 (85)	8.1 (64)	7.6 (46)	7.4 (36)	9.7 (72)	-10.3 (65)	18.5 (25)
● Total Fund Benchmark	4.7 (27)	7.6 (98)	14.7 (74)	2.7 (100)	7.1 (91)	6.8 (79)	6.9 (71)	7.6 (97)	-10.9 (78)	16.5 (59)
5th Percentile	5.9	11.6	20.2	6.6	9.6	8.1	7.7	13.8	-4.0	21.4
1st Quartile	4.7	10.4	17.6	5.7	9.1	7.9	7.5	12.0	-6.4	18.4
Median	4.2	9.7	16.4	5.2	8.6	7.4	7.4	10.8	-9.5	16.7
3rd Quartile	3.8	8.7	14.6	4.4	8.0	7.1	6.8	9.5	-10.6	15.0
95th Percentile	3.3	7.8	12.9	3.3	6.6	6.4	6.3	8.0	-13.0	12.3
Population	26	26	26	25	25	24	23	52	53	65

Parentheses contain percentile rankings.

## 7. IPS Stated Trust Return Objectives ending 9/30/2024

	Five Year	Seven Year	Ten Year	Twenty Year
Total Fund	<b>8.1</b>	<b>7.7</b>	<b>7.6</b>	<b>7.4</b>
Total Fund Benchmark	7.1	6.9	6.8	6.9
<b>Difference</b>	<i>+1.0</i>	<i>+0.8</i>	<i>+0.8</i>	<i>+0.5</i>
Total Fund	<b>8.1</b>	<b>7.7</b>	<b>7.6</b>	<b>7.4</b>
Assumed Rate of Return	7.1	7.3	7.5	7.7
<b>Difference</b>	<i>+1.0</i>	<i>+0.4</i>	<i>+0.1</i>	<i>-0.3</i>
Total Fund	<b>8.1</b>	<b>7.7</b>	<b>7.6</b>	<b>7.4</b>
CPI + 5%	9.4	8.7	8.0	7.7
<b>Difference</b>	<i>-1.3</i>	<i>-1.0</i>	<i>-0.4</i>	<i>-0.3</i>

*Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.*

## 8. Global Equity: Performance Summary Ending 9/30/2024

	Third Quarter	YTD	One Year	Three Year	Five Year	Ten Year
<b>Total Global Equity</b>	<b>4.6</b>	<b>14.4</b>	<b>23.3</b>	<b>6.2</b>	<b>11.7</b>	<b>9.2</b>
Total Global Equity Benchmark	5.3	13.5	22.4	6.5	11.9	9.4
<i>Difference</i>	<i>-0.7</i>	<i>+0.9</i>	<i>+0.9</i>	<i>-0.3</i>	<i>-0.2</i>	<i>-0.2</i>
<b>Total U.S. Equity</b>	<b>6.6</b>	<b>22.2</b>	<b>37.5</b>	<b>11.6</b>	<b>15.1</b>	<b>11.9</b>
Total U.S. Equity Benchmark	6.1	20.7	35.3	10.4	15.4	12.9
<i>Difference</i>	<i>+0.5</i>	<i>+1.5</i>	<i>+2.2</i>	<i>+1.2</i>	<i>-0.3</i>	<i>-1.0</i>
<b>Non-U.S. Equity</b>	<b>6.3</b>	<b>15.4</b>	<b>27.3</b>	<b>4.0</b>	<b>8.1</b>	<b>5.8</b>
Non-U.S. Equity Benchmark	7.2	13.8	25.8	3.5	7.4	5.1
<i>Difference</i>	<i>-0.9</i>	<i>+1.6</i>	<i>+1.5</i>	<i>+0.5</i>	<i>+0.7</i>	<i>+0.7</i>
<b>Non-U.S. Developed</b>	<b>7.3</b>	<b>15.5</b>	<b>27.5</b>	<b>6.1</b>	<b>9.0</b>	<b>6.3</b>
TRS Non-U.S. Developed Benchmark	7.7	13.0	25.0	5.5	8.3	5.6
<i>Difference</i>	<i>-0.4</i>	<i>+2.5</i>	<i>+2.5</i>	<i>+0.6</i>	<i>+0.7</i>	<i>+0.7</i>
<b>Emerging Markets</b>	<b>4.4</b>	<b>14.6</b>	<b>26.3</b>	<b>0.7</b>	<b>6.6</b>	<b>4.9</b>
TRS Emerging Market Benchmark	6.3	14.8	26.8	0.4	5.8	4.0
<i>Difference</i>	<i>-1.9</i>	<i>-0.2</i>	<i>-0.5</i>	<i>+0.3</i>	<i>+0.8</i>	<i>+0.9</i>



Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Investment advice and consulting services provided by Aon Investments USA Inc.

## 8. Global Equity: Performance Summary Ending 9/30/2024 (cont'd)

	Third Quarter	YTD	One Year	Three Year	Five Year	Ten Year
<b>Total Public Equity</b>	<b>6.3</b>	<b>18.2</b>	<b>31.6</b>	<b>7.4</b>	<b>11.2</b>	<b>8.3</b>
Public Equity Benchmark	6.7	16.9	30.1	6.7	11.1	8.5
<i>Difference</i>	<i>-0.4</i>	<i>+1.3</i>	<i>+1.5</i>	<i>+0.7</i>	<i>+0.1</i>	<i>-0.2</i>
<b>Total Private Equity</b>	<b>0.7</b>	<b>6.2</b>	<b>7.5</b>	<b>3.9</b>	<b>13.1</b>	<b>12.2</b>
Private Equity Benchmark	1.9	5.8	6.9	5.8	13.8	12.2
<i>Difference</i>	<i>-1.2</i>	<i>+0.4</i>	<i>+0.6</i>	<i>-1.9</i>	<i>-0.7</i>	<i>+0.0</i>

*Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.*

## 9. Stable Value: Performance Summary Ending 9/30/2024

	Third Quarter	YTD	One Year	Three Year	Five Year	Ten Year
<b>Total Stable Value</b>	<b>5.5</b>	<b>3.9</b>	<b>12.4</b>	<b>-3.5</b>	<b>-0.2</b>	<b>3.2</b>
Total Stable Value Benchmark	6.3	3.1	13.6	-5.4	-1.9	1.8
<i>Difference</i>	<i>-0.8</i>	<i>+0.8</i>	<i>-1.2</i>	<i>+1.9</i>	<i>+1.7</i>	<i>+1.4</i>
<b>Total Government Bonds</b>	<b>7.0</b>	<b>0.2</b>	<b>12.1</b>	<b>-10.3</b>	<b>-5.6</b>	<b>0.7</b>
Treasury Benchmark	7.8	2.4	15.4	-8.4	-4.3	1.1
<i>Difference</i>	<i>-0.8</i>	<i>-2.2</i>	<i>-3.3</i>	<i>-1.9</i>	<i>-1.3</i>	<i>-0.4</i>
<b>Stable Value Hedge Funds</b>	<b>1.6</b>	<b>7.9</b>	<b>10.1</b>	<b>8.1</b>	<b>8.4</b>	<b>6.4</b>
Hedge Funds Benchmark	1.4	4.8	6.8	3.7	5.2	3.6
<i>Difference</i>	<i>+0.2</i>	<i>+3.1</i>	<i>+3.3</i>	<i>+4.4</i>	<i>+3.2</i>	<i>+2.8</i>
<b>Absolute Return</b>	<b>5.2</b>	<b>13.0</b>	<b>17.3</b>	<b>8.9</b>	<b>9.6</b>	<b>7.7</b>
Absolute Return Benchmark	2.4	7.3	9.9	8.0	5.8	4.6
<i>Difference</i>	<i>+2.8</i>	<i>+5.7</i>	<i>+7.4</i>	<i>+0.9</i>	<i>+3.8</i>	<i>+3.1</i>

# 10. Real Return: Performance Summary Ending 9/30/2024

	Third Quarter	YTD	One Year	Three Year	Five Year	Ten Year
<b>Total Real Return</b>	<b>1.1</b>	<b>0.5</b>	<b>1.5</b>	<b>7.4</b>	<b>7.4</b>	<b>7.8</b>
Real Return Benchmark	0.1	-4.0	-4.9	3.8	4.0	5.1
<i>Difference</i>	<i>+1.0</i>	<i>+4.5</i>	<i>+6.4</i>	<i>+3.6</i>	<i>+3.4</i>	<i>+2.7</i>
<b>Real Estate</b>	<b>-0.3</b>	<b>-3.5</b>	<b>-3.8</b>	<b>4.8</b>	<b>6.5</b>	<b>8.9</b>
Real Estate Benchmark	-0.7	-8.1	-10.0	1.0	2.3	5.5
<i>Difference</i>	<i>+0.4</i>	<i>+4.6</i>	<i>+6.2</i>	<i>+3.8</i>	<i>+4.2</i>	<i>+3.4</i>
<b>Energy, Natural Resources, and Infrastructure</b>	<b>4.2</b>	<b>10.1</b>	<b>14.6</b>	<b>13.8</b>	<b>9.3</b>	<b>--</b>
Energy and Natural Res. Benchmark	1.7	5.0	7.2	10.4	7.9	--
<i>Difference</i>	<i>+2.5</i>	<i>+5.1</i>	<i>+7.4</i>	<i>+3.4</i>	<i>+1.4</i>	
<b>Commodities</b>	<b>-9.1</b>	<b>-14.2</b>	<b>-11.9</b>	<b>1.5</b>	<b>7.2</b>	<b>-4.5</b>
Commodities Benchmark	-5.3	5.2	-6.1	8.8	8.0	-2.4
<i>Difference</i>	<i>-3.8</i>	<i>-19.4</i>	<i>-5.8</i>	<i>-7.3</i>	<i>-0.8</i>	<i>-2.1</i>

*Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.*

# 11. Risk Parity: Performance Summary Ending 9/30/2024

	Third Quarter	YTD	One Year	Three Year	Five Year	Ten Year
Total Risk Parity	7.1	11.4	22.6	0.2	2.9	4.5
Risk Parity Benchmark	7.3	11.3	21.1	-2.3	2.8	4.0
<i>Difference</i>	-0.2	+0.1	+1.5	+2.5	+0.1	+0.5

*Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.*

## 12. Cash Equivalents: Performance Summary Ending 9/30/2024

	Third Quarter	YTD	One Year	Three Year	Five Year	Ten Year
Cash Equivalents	1.7	4.8	6.7	4.7	3.2	2.7
Cash Benchmark	1.4	4.2	5.6	3.6	2.4	1.7
<i>Difference</i>	+0.3	+0.6	+1.1	+1.1	+0.8	+1.0

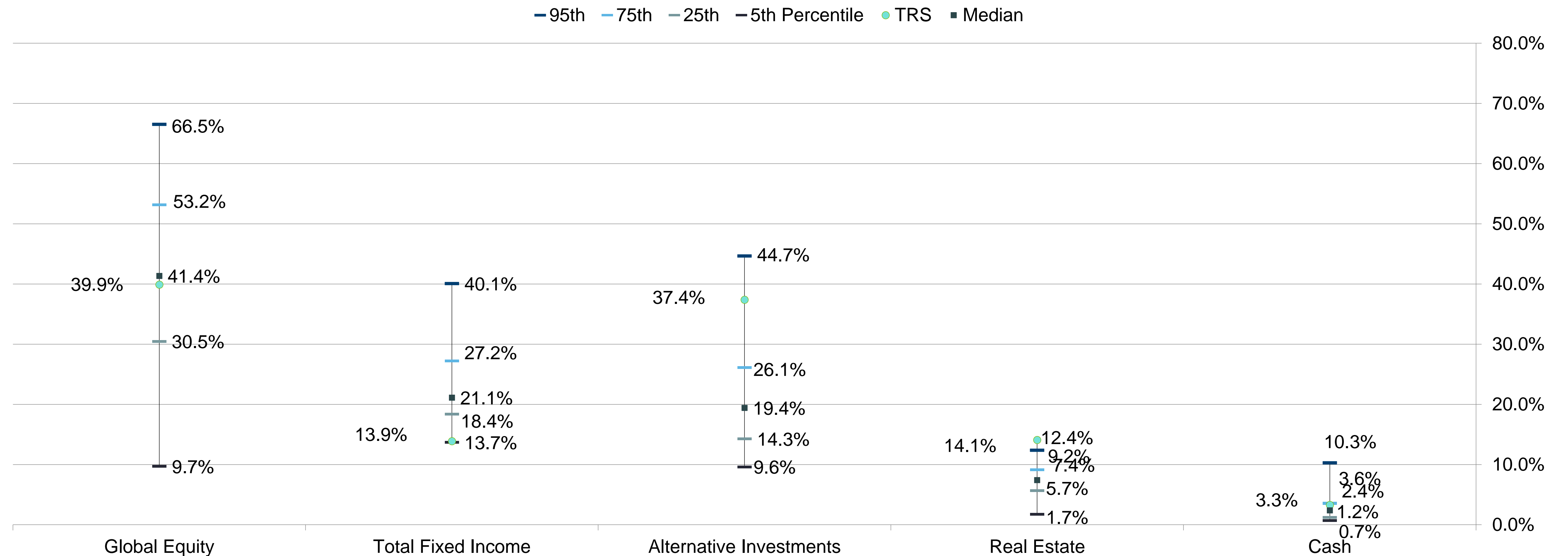
*Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.*

# Appendix – Supplemental Reporting



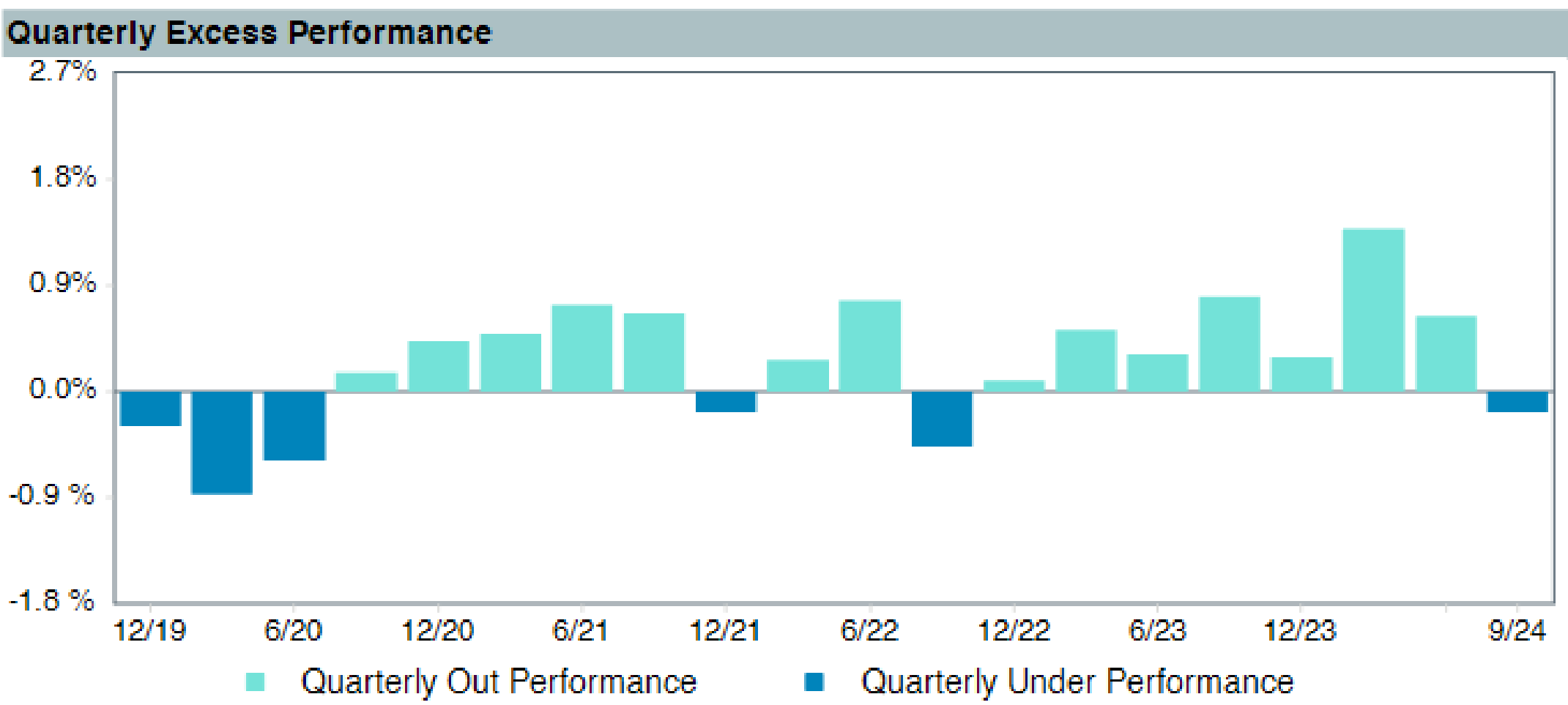
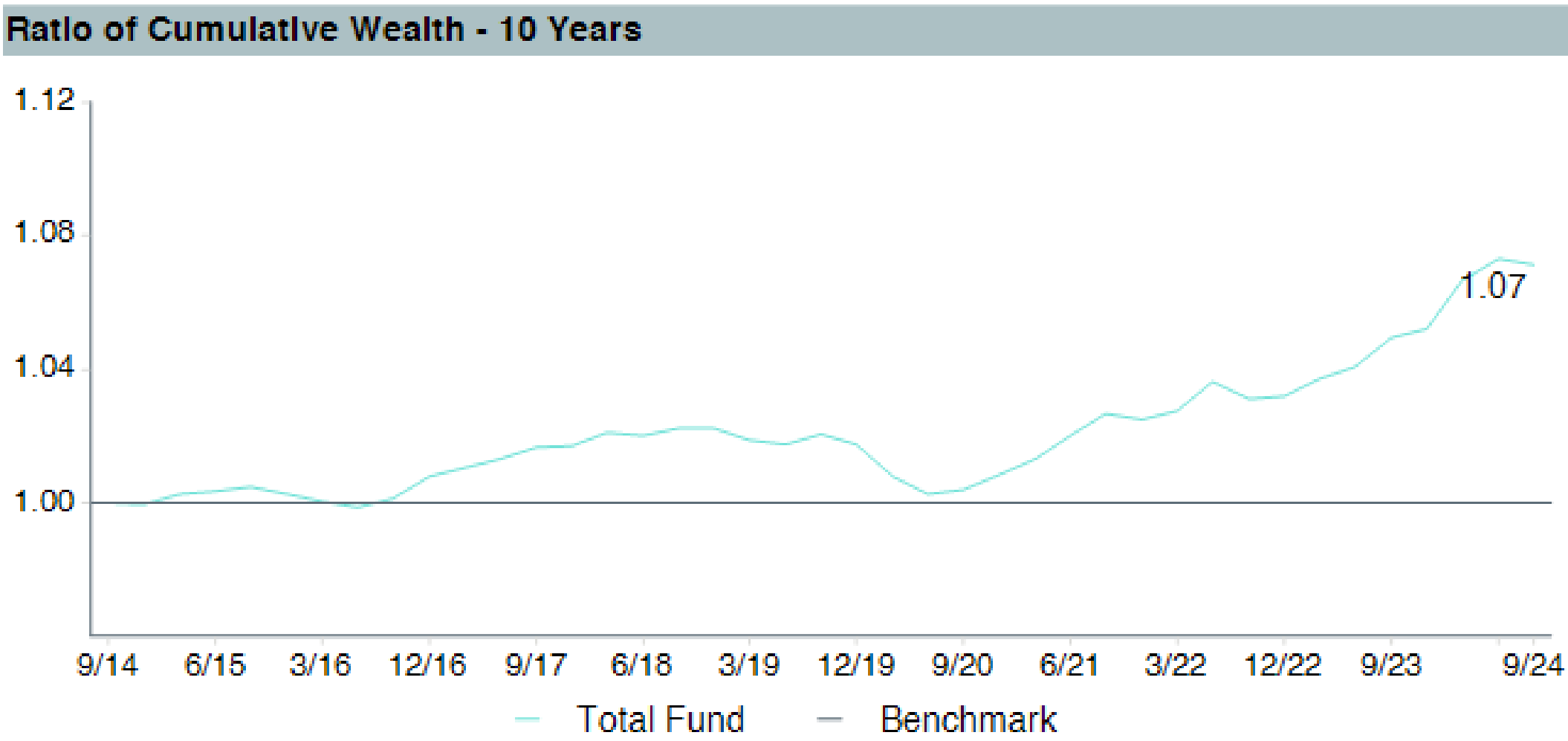
# TRS Commitment Levels vs. Peers (>\$10 Billion) as of 9/30/2024

- The chart below depicts the asset allocation of peer public funds with assets greater than \$10 billion.
  - The ends of each line represent the 95<sup>th</sup> and 5<sup>th</sup> percentile of exposures, the middle light blue and grey lines represent the 25<sup>th</sup> and 75<sup>th</sup> percentile of exposures, the purple square represents the median, and the green dot represents TRS exposure.

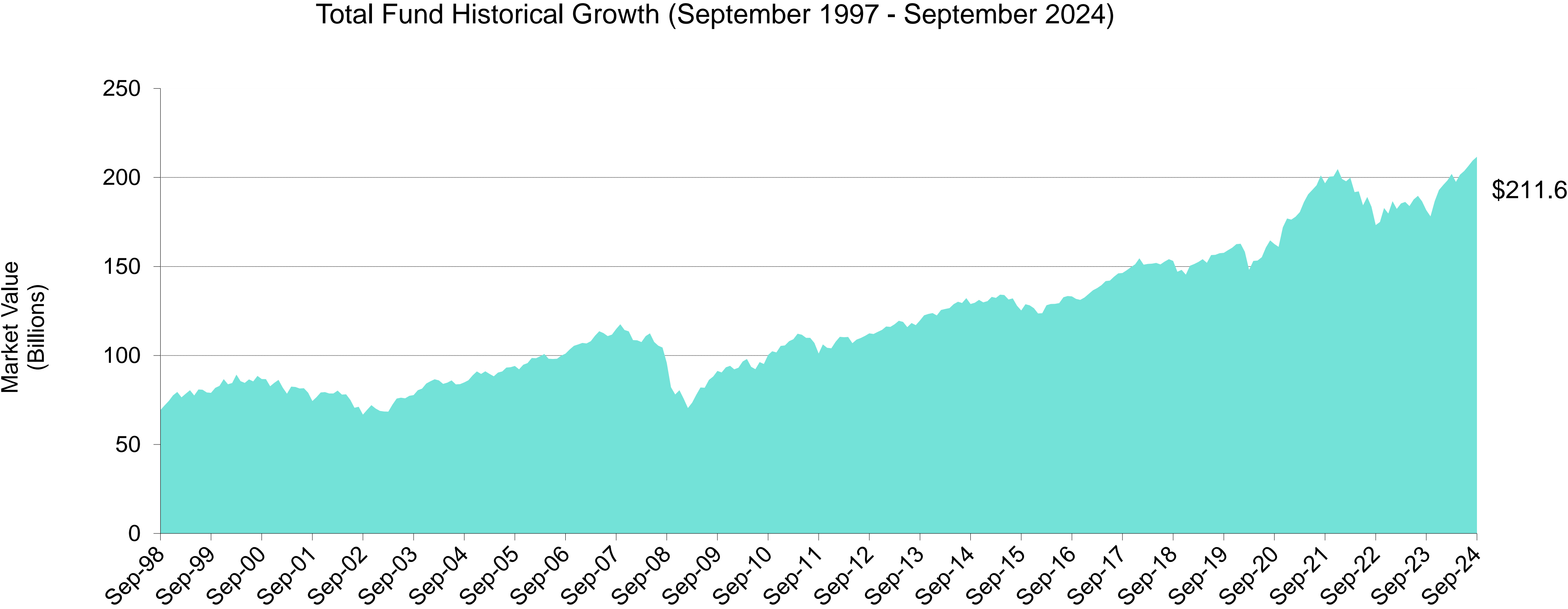


# Historical Excess Performance Ending 9/30/2024

## Total Fund vs. Total Fund Benchmark



# TRS Asset Growth



# External Manager Program: Public Equity Performance as of 9/30/2024

	Allocation (\$ in billions)	Third Quarter	YTD	One Year	Three Year	Five Year
<b>EP Total Global Equity</b>	<b>\$37.8</b>	<b>6.1</b>	<b>18.5</b>	<b>31.9</b>	<b>7.6</b>	<b>12.9</b>
EP Global Equity Benchmark	--	6.6	17.2	30.6	6.9	11.5
<i>Difference</i>	--	-0.5	+1.3	+1.3	+0.7	+1.4
<b>EP U.S.A.</b>	<b>\$15.0</b>	<b>5.1</b>	<b>18.9</b>	<b>33.8</b>	<b>9.9</b>	<b>15.3</b>
EP U.S.A. Benchmark	--	6.1	20.7	35.3	10.4	15.4
<i>Difference</i>	--	-1.0	-1.8	-1.5	-0.5	-0.1
<b>EP Non-U.S. Developed</b>	<b>\$9.4</b>	<b>9.7</b>	<b>18.1</b>	<b>30.5</b>	<b>6.3</b>	<b>11.5</b>
MSCI EAFE + Canada Policy Index	--	7.7	13.0	25.0	5.5	8.3
<i>Difference</i>	--	+2.0	+5.1	+5.5	+0.8	+3.2
<b>EP Emerging Markets</b>	<b>\$5.3</b>	<b>4.0</b>	<b>14.1</b>	<b>24.5</b>	<b>0.7</b>	<b>7.8</b>
MSCI Emerging Markets Policy Index	--	6.3	14.8	26.8	0.4	5.8
<i>Difference</i>	--	-2.3	-0.7	-2.3	+0.3	+2.0
<b>EP World Equity</b>	<b>\$8.1</b>	<b>6.4</b>	<b>22.5</b>	<b>37.4</b>	<b>11.8</b>	<b>15.6</b>
EP World Equity Benchmark	--	6.6	18.0	31.7	7.9	12.4
<i>Difference</i>	--	-0.2	+4.5	+5.7	+3.9	+3.2



Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Investment advice and consulting services provided by Aon Investments USA Inc.

# External Manager Program: Stable Value/Total Program Performance as of 9/30/2024

	Allocation (\$ in billions)	Third Quarter	YTD	One Year	Three Year
<b>EP Total Stable Value</b>	<b>\$10.4</b>	<b>1.6</b>	<b>7.9</b>	<b>10.1</b>	<b>8.1</b>
EP Stable Value Benchmark	--	1.4	4.8	6.8	3.7
<i>Difference</i>	--	+0.2	+3.1	+3.3	+4.4
<b>Total External Public Program</b>	<b>\$54.3</b>	<b>5.4</b>	<b>15.5</b>	<b>26.3</b>	<b>7.0</b>
EP External Public Benchmark	--	5.7	14.1	24.8	5.7
<i>Difference</i>	--	-0.3	+1.4	+1.5	+1.3

*Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.*

# Public Strategic Partnership Program (SPN): Performance as of 9/30/2024

	Allocation (\$ in billions)	Third Quarter	YTD	One Year	Three Year
<b>Public Strategic Partnership</b>	<b>\$6.1</b>	<b>6.4</b>	<b>12.1</b>	<b>25.7</b>	<b>2.3</b>
Public SPN Benchmark	--	7.0	12.5	25.5	2.3
<i>Difference</i>	--	-0.6	-0.4	+0.2	0.0
<b>BlackRock</b>	<b>\$3.1</b>	<b>6.5</b>	<b>14.4</b>	<b>27.3</b>	<b>3.9</b>
<b>JP Morgan</b>	<b>\$3.0</b>	<b>6.0</b>	<b>11.6</b>	<b>26.4</b>	<b>1.7</b>

*Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.*

# Benchmarks

---

**Total Fund Performance Benchmark – 17.3% MSCI U.S.A. IMI, 12.5% MSCI EAFE plus Canada Index, 8.6% MSCI Emerging Markets Index, 16.5% State Street Private Equity Index (1 quarter lagged), 15.4% Blmb. Barc. Long Term Treasury Index, 4.8% HFRI FoF Conservative Index, 2.0% Citigroup 3 Mo. T-Bill Index, 14.4% NCREIF ODCE Index (1 quarter lagged), 6.8% Energy and Natural Resources Benchmark, 7.7% Risk Parity Benchmark, and -6.0% Asset Allocation Leverage Benchmark.**

**Global Equity Benchmark – 31.5% MSCI U.S.A. IMI, 22.8% MSCI EAFE plus Canada Index, 15.7% MSCI Emerging Markets Index, and 30.1% State Street Private Equity Index (1 quarter lagged)**

- TF U.S. Equity Benchmark - MSCI U.S.A. Investable Markets Index (IMI)
- Emerging Markets Equity Benchmark – MSCI Emerging Markets Index
- Non-US Developed Equity Benchmark– MSCI EAFE + Canada Index
- Private Equity Benchmark - State Street Private Equity Index (1 quarter lagged)

# Benchmarks (cont'd)

---

## **Stable Value Benchmark – 76.3% Blmb. Barc. Long Term Treasury Index and 23.7% HFRI FoF Conservative Index**

- US Treasuries Benchmark – Bloomberg Barclays Long Term Treasury Index
- Stable Value Hedge Funds – HFRI Fund of Funds (FoF) Conservative Index
- Absolute Return Benchmark - SOFR + 4%

## **Real Return Benchmark – 68.0% NCREIF ODCE Index and 32.0% Energy & Natural Resources Benchmark**

- Real Estate Benchmark – NCREIF ODCE Index (1 quarter lagged)
- Energy and Natural Resources Benchmark – 75% Cambridge Associates Natural Resources Index (reweighted) and 25% quarterly Seasonally-Adjusted Consumer Price Index (1 quarter lagged)
- Commodities Benchmark – Goldman Sachs Commodity Index

- Risk Parity Benchmark – 100% HFR Risk Parity Vol 12 Institutional Index

# Description of Performance Attribution

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- A measure of the source of the deviation of a fund's performance from that of its policy benchmark. Each bar on the attribution graph represents the contribution made by the asset class to the total difference in performance. A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates a detrimental impact. The magnitude of each component's contribution is a function of (1) the performance of the component relative to its benchmark, and (2) the weight (beginning of period) of the component in the aggregate.
- The individual Asset Class effect, also called **Selection Effect**, is calculated as
$$\text{Actual Weight of Asset Class} \times (\text{Actual Asset Class Return} - \text{Asset Class Benchmark Return})$$
- The bar labeled **Allocation Effect** illustrates the effect that a Total Fund's asset allocation has on its relative performance. Allocation Effect calculation =  $(\text{Asset Class Benchmark Return} - \text{Total Benchmark Return}) \times (\text{Actual Weight of Asset Class} - \text{Target Policy Weight of Asset Class})$ .
- The bar labeled **Other** is a combination of Cash Flow Effect and Benchmark Effect:
  - **Cash Flow Effect** describes the impact of asset movements on the Total Fund results. Cash Flow Effect calculation =  $(\text{Total Fund Actual Return} - \text{Total Fund Policy Return}) - \text{Current Selection Effect} - \text{Current Allocation Effect}$
  - **Benchmark Effect** results from the weighted average return of the asset classes' benchmarks being different from the Total Funds' policy benchmark return. Benchmark Effect calculation =  $\text{Total Fund Policy Return} - (\text{Asset Class Benchmark Return} \times \text{Target Policy Weight of Asset Class})$
- **Cumulative Effect**  
Cumulative Effect calculation =  $\text{Current Effect } t \times (1 + \text{Cumulative Total Fund Actual Return } t-1) + \text{Cumulative Effect } t-1 \times (1 + \text{Total Fund Benchmark Return } t)$

# Disclaimers and Notes



# Disclaimers and Notes

## Disclaimers:

- Please review this report and notify Aon Investments USA Inc. (Aon) with any issues or questions you may have with respect to investment performance or any other matter set forth herein.
- The client portfolio data presented in this report have been obtained from the custodian. Aon has compared this information to the investment managers' reported returns and believes the information to be accurate. Aon has not conducted additional audits and cannot warrant its accuracy or completeness. This document is not intended to provide, and shall not be relied upon for, accounting and legal or tax advice.
- Refer to Hedge Fund Research, Inc. [www.hedgefundresearch.com](http://www.hedgefundresearch.com) for more information on HFR indices

## Notes:

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum up to 100.0%. Additionally, individual fund totals in dollar terms may not sum up to the plan totals.

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200 E. Randolph Street  
Suite 700  
Chicago, IL 60601  
ATTN: Aon Investments Compliance Officer

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Annual Update to the Board:

# Trading

Jaime Llano  
Managing Director

December 2024



# Trading Group

19

Years of average  
investment  
experience

3

MBAs

2

CFAs

2

CAIAs

1

FRM

1

CMT



**Jaime Llano**  
**Managing Director**  
**Futures and Currency**  
*MBA, Finance, St. Edwards*  
*19 years TRS*  
*25 years experience*



**Steve Peterson, CFA, CAIA**  
**Director**  
**US Equity**  
*MBA, California Lutheran University*  
*16 years TRS*  
*27 years experience*



**Demetrius Pope**  
**Director**  
**Global Equity – Europe/MENA**  
*BBA, Sam Houston*  
*18 years TRS*  
*24 years experience*



**Sean Letcher, CFA, FRM, CAIA, CMT**  
**Investment Manager**  
**US Equity and Futures**  
*BS, Business, Texas A & M*  
*12 years TRS*  
*17 years experience*



**Don Stanley**  
**Investment Manager**  
**Global Equity - Asia**  
*BBA, UT Austin*  
*11 years TRS*  
*14 years experience*



**Andrew Moynihan**  
**Senior Associate**  
**FX/Derivatives**  
*MBA, Boston College*  
*6 years TRS*  
*12 years experience*

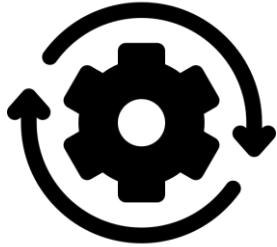


**Brandon Bilton**  
**Associate**  
**US Equity**  
*BBA, Prairie View A & M*  
*7 years TRS*  
*7 years experience*



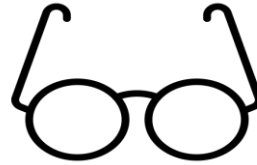
**Maribel Nesuda**  
**Administrative Assistant**  
**Team Support**  
*14 years TRS*  
*29 years experience*

# Trading Mandate



## Implementation

- **Total Trust Execution:** Global execution across multiple asset classes totaled \$338.2 billion over past 12 months
- **Network:** Manage a global network of 42 brokerage firms
- **Performance:** Outperformed the median peer equity trading desk by 6 basis points over past 12 months, placing us in the 2<sup>nd</sup> quartile



## Market Intelligence

- **Insight:** Participate in conferences, broker visits, and buy-side calls to stay current with market structure trends and changes
- **Collaboration:** Collaborate across the IMD to provide implementation solutions
- **Committees:** IMD Management Committee Co-Chair, Diversity Council, Ambassadors

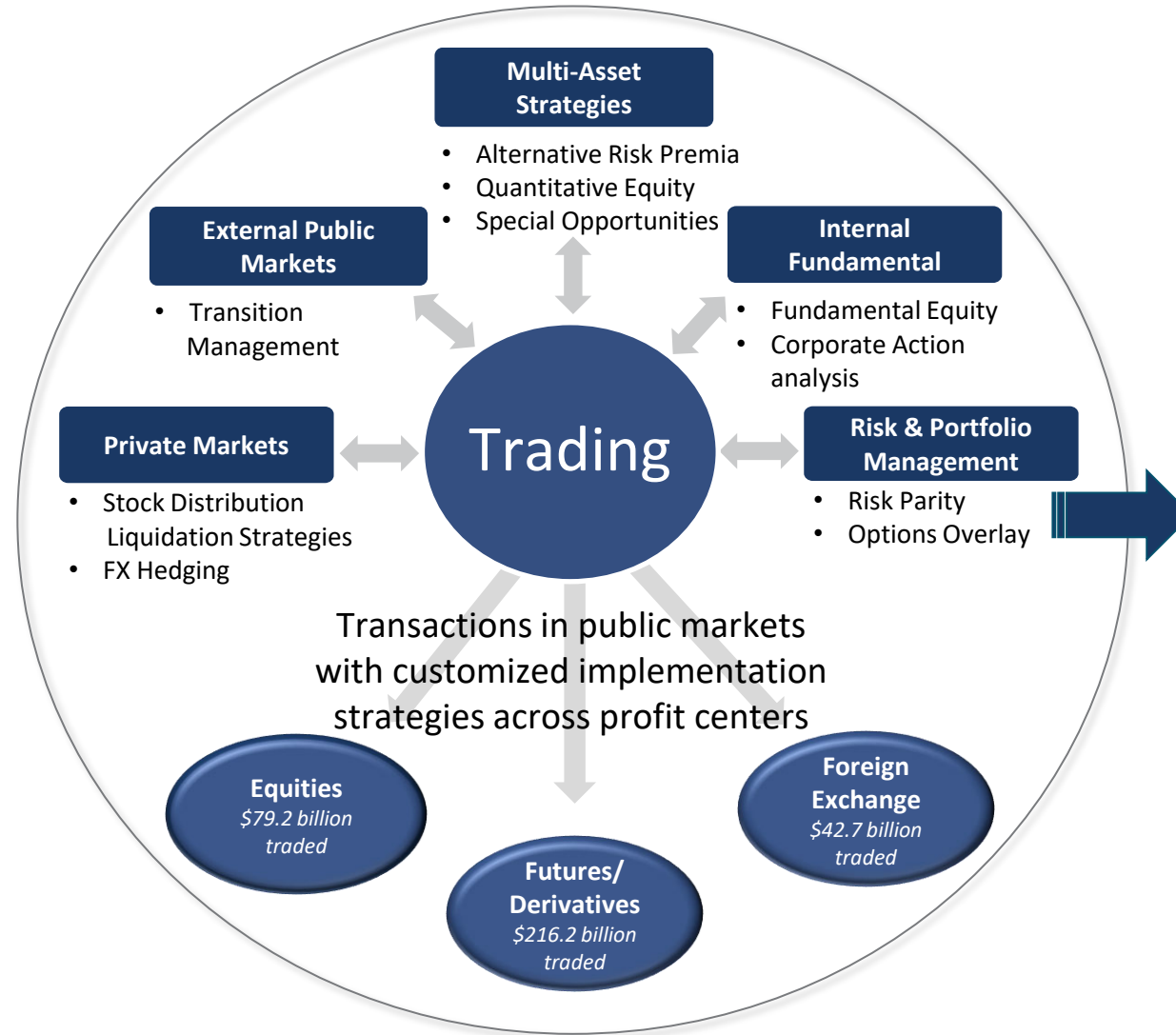


## Index Management

- **Index Portfolio:** Manage 6 Passive Equity Portfolios which totaled \$4.1 billion as of 9/30/24
- **Full Replication:** Benchmark indices are fully replicated in the portfolio
- **Execution:** A market-on-close (MOC) order instructs the broker to buy or sell a security at the day's closing price, ensuring trade execution at the prevailing market price at the end of the trading day

# Whom We Serve

## Cross-Divisional Collaboration



Value Creation for TRS Members



### Life of an Equity Trade



Portfolio managers send orders with specific instructions (e.g., limits) to the trading team.

Traders use a pre-trade tool to analyze order specifics like spread, volume, and expected cost.

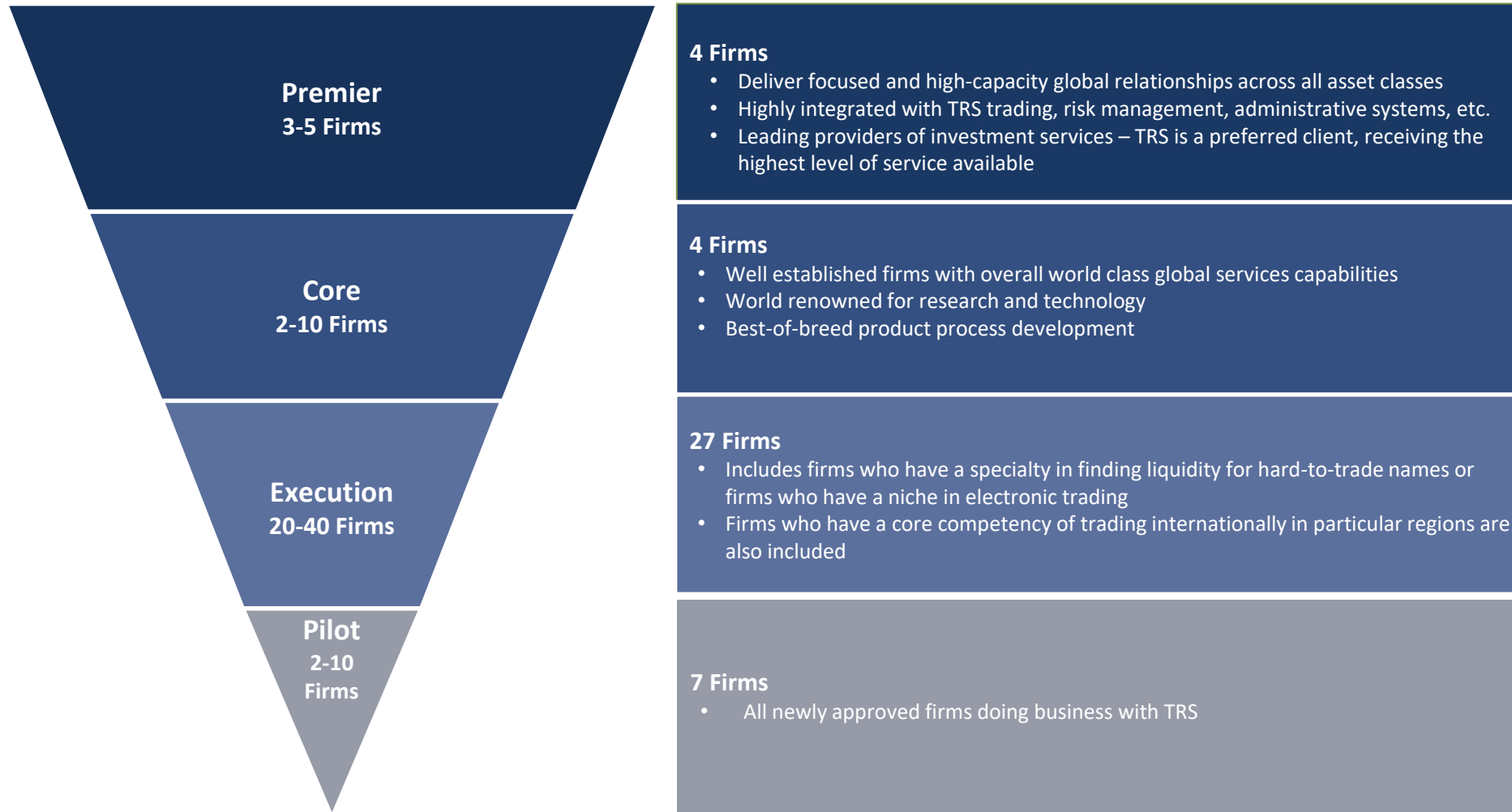
Traders select optimal strategies and modify trades based on market conditions, news, or portfolio manager updates.

Upon completion, the team post-allocates trades to the operations team for settlement.

Traders review execution metrics to optimize future strategies, reduce costs, and enhance overall performance.

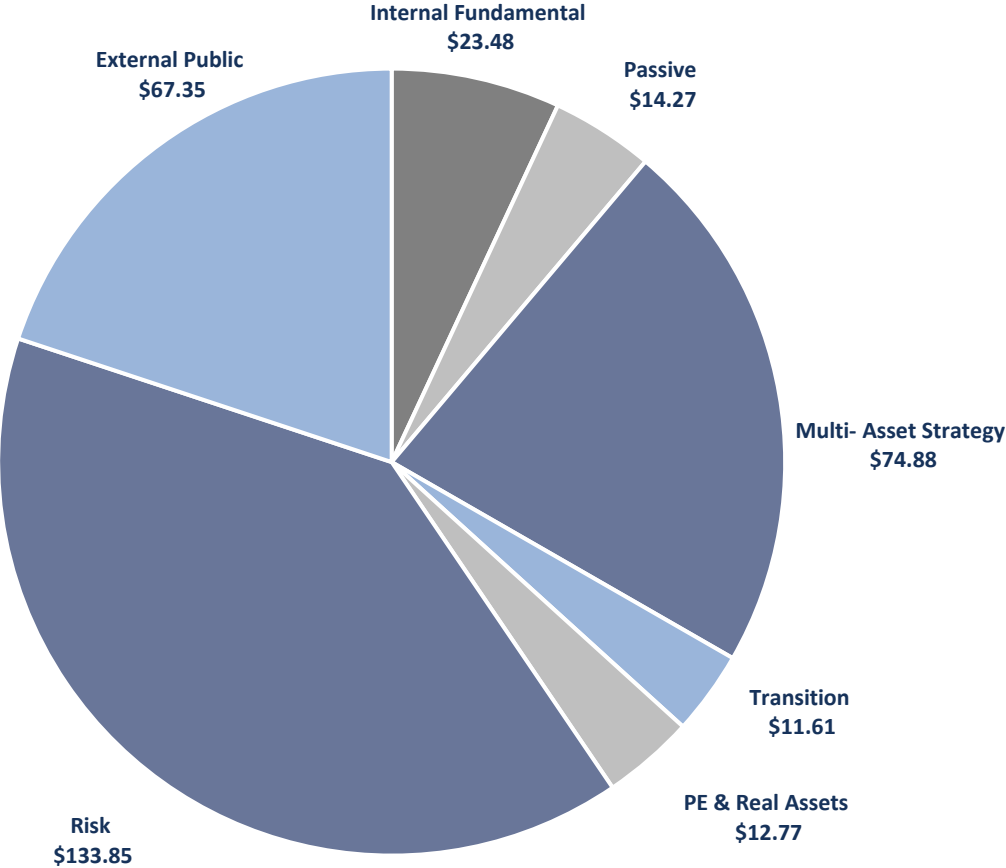
# Trading Partner Network

*As of September 30, 2024*

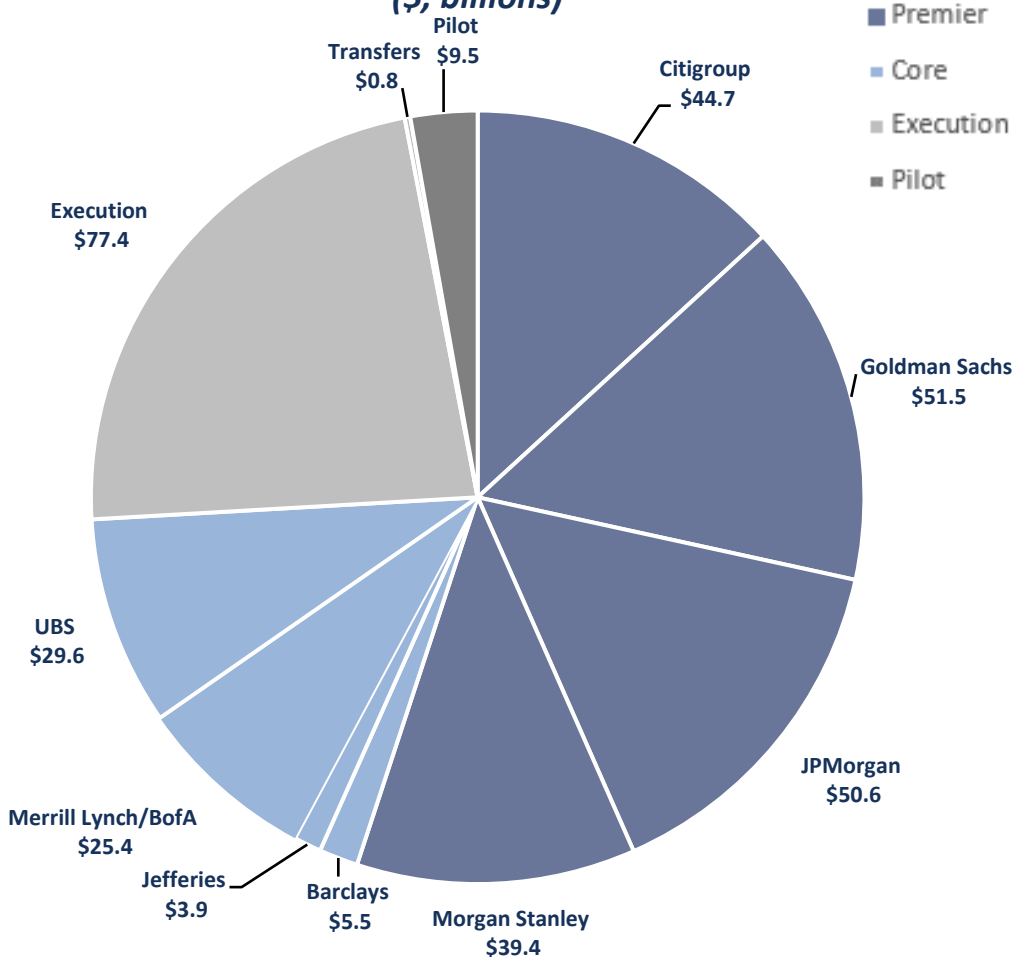


# Annual Trading Activity

**Total Notional by Strategy**  
(\$, billions)



**Total Notional Trade by Broker**  
(\$, billions)



# Equity Trading & Passive Performance

Passive Equity Performance Alpha (bp)			
Portfolio	AUM (\$,mm)	1-Year	3-Year
Passive USA	0.2	227	64
Passive EAFE+CA	2,209.8	15	38
Passive EM	1,490.6	NA	NA
Pristine USA	170.4	1	6
Pristine EAFE+CA	187.1	24	41
Pristine EM	63.3	(43)	3

- Trading managed \$4.1 billion in Passive equities
- Passive portfolios have close to zero tracking error and performance should mirror the underlying equity index
- Annual savings of passive portfolio vs holding ETFs is \$21.4 million
- Transitioning passive management to Active Public Markets due to the planned expansion of passive portfolios

# Equity Trading Performance

		TRS Trading Performance	
		<i>vs. Peer Benchmark</i>	<i>Quartile Ranking</i>
Year Ended Sept 30th	2024	+6	2 <sup>nd</sup>
	2023	+4	2 <sup>nd</sup>
	2022	+7	2 <sup>nd</sup>
	2021	+8	1 <sup>st</sup>
	2020	+10	1 <sup>st</sup>
	2019	+6	1 <sup>st</sup>
	2018	+6	2 <sup>nd</sup>
	2017	+3	2 <sup>nd</sup>
	2016	+6	2 <sup>nd</sup>
	2015	+8	1 <sup>st</sup>
	2014	0	2 <sup>nd</sup>
Target		+9bp	1 <sup>st</sup>

- TRS has performed in-line with the median peer desk or better for 10 straight years
- Relative to our median peer we outperformed by \$49 million over the last year and over the last 10 years Trading retained \$601 million of TRS alpha over this time
- TRS equity execution is measured against the Virtu peer universe of institutional investors

# APPENDIX

# Broker Certification Process

## Phase 1 - Certification Process for New Firms

### Procedures for New Firms

- Broker qualifications questionnaire
- Minimum standard requirements

### Evaluation Period

- 6 to 18 month process
- Identify valued services
- Transaction cost analysis review
- Recommendations
- Category fit

### Annual Review

- Adds/Deletions
- Promotions/Demotions
- Qualitative review
- On-Site visit

### Certification Process

- Senior management review

*If acceptable, then ...*

## Phase 2 - Broker added to Pilot Program

### Pilot Program

- Pilot brokers evaluated quarterly using same criteria as all TRS brokers

### Quarterly Review Process

- Trader vote
- Transaction cost analysis
- Quarterly report card to each broker

### Two Year Process

- Pilot brokers typically have up to a 2 year evaluation process to qualify for advancement to execution category

### Completion of Pilot Program

- Advance to execution /core category or remove from broker list
- Broker has opportunity to advance based on performance after 1 year

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# Investment Legal & Compliance Update

Heather Traeger, Managing Director, General Counsel & Chief  
Compliance Officer

Denise Lopez, Director of Legal & Compliance, Investments

Chris Bowlin, Sr. Compliance Counsel, Investments

December 2024



# Investment Legal & Compliance: Philosophy

L&C guiding principles: better deal terms, risk mitigation, compliance, ethical integrity, and profit center

- Expert Legal Advice
- Relentless Agency Focus
- Trusted Business Partner



# Who Are We?

- **Experience**

- 15 years average legal expertise
- 16 years average compliance expertise
- 27 advanced degrees and certificates



- **Broad Expertise**

- Advise every portfolio

- **Industry Leader**

- Drive industry best practices and “Texas Way” negotiating for terms
- Participate on boards and committees:
  - Institutional Limited Partners Association
  - National Society of Compliance Professionals
  - National Association of Public Pension Attorneys
  - Standards Board for Alternative Investments

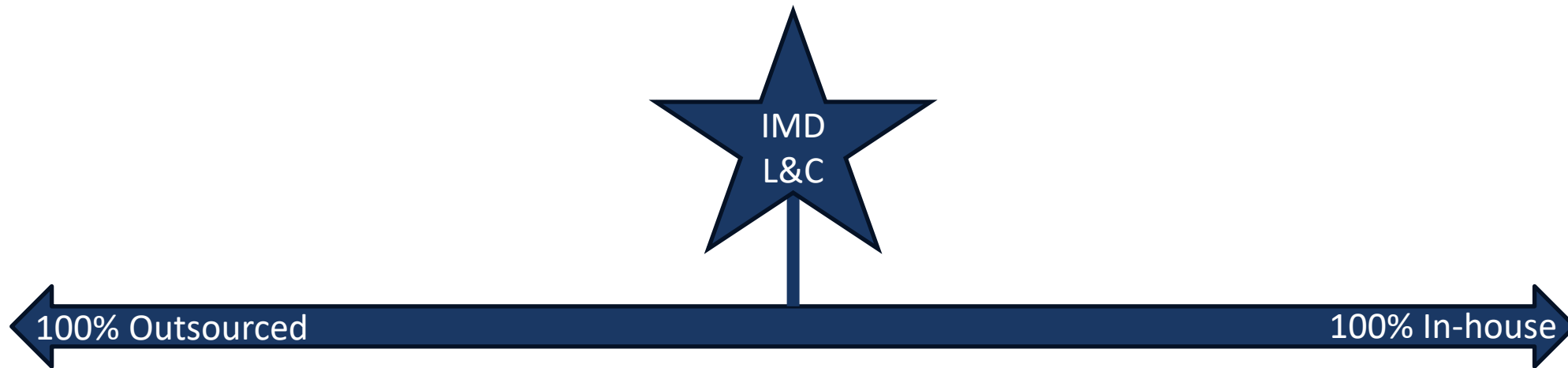
- **Mentors**

- Participate in legal fellows program and IMD mentorship program

# How Do We Work?

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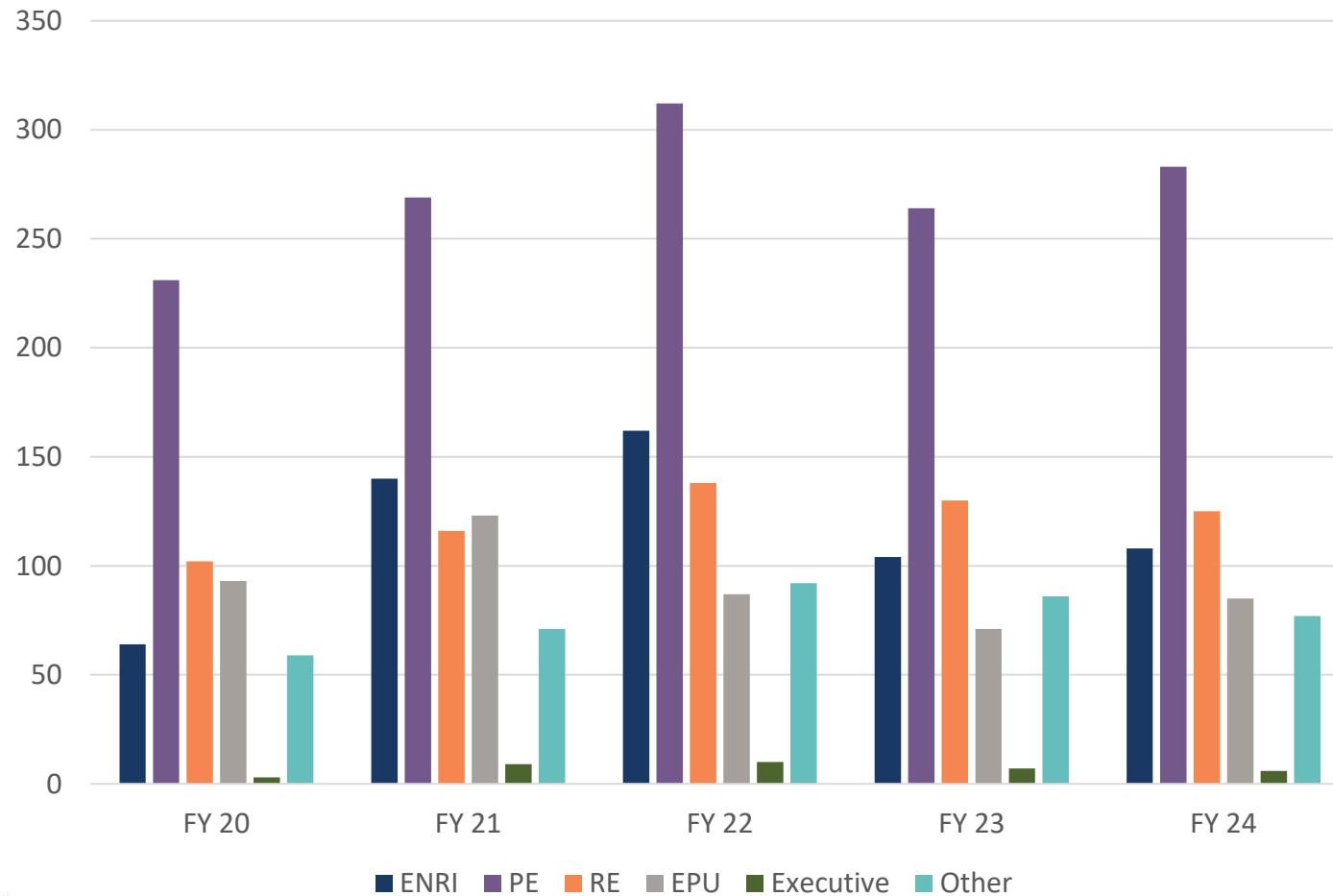
## Wide Variety of Approaches Across the Industry . . .



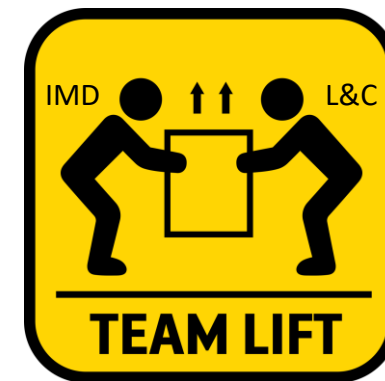
- Retain substantial amount of work in-house
- Allocate legal resources strategically and effectively
- Advocate for TRS
- Manage external counsel on complex matters

# What Do We Do?

Matters By Group

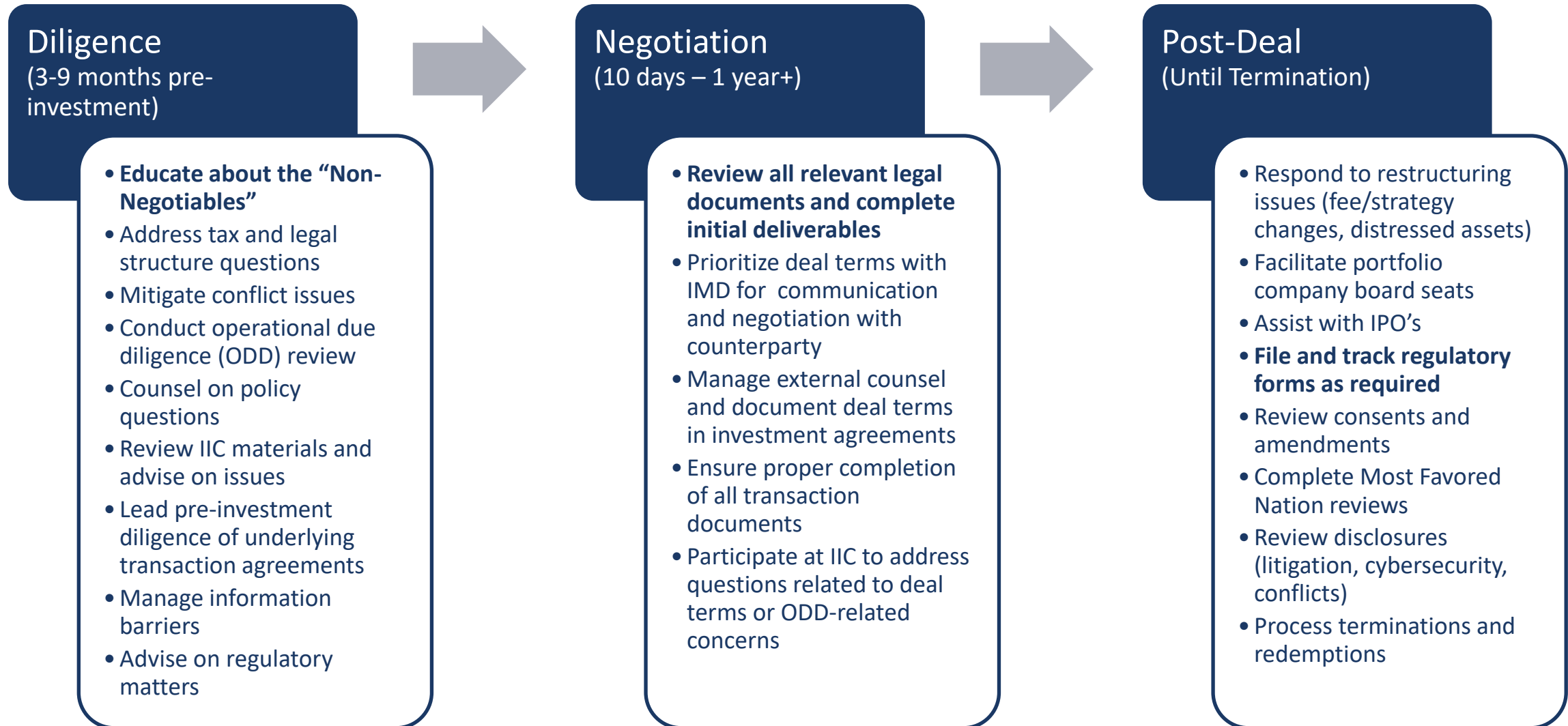


FY	Total # of Matters
2024	684
2023	662
2022	801
2021	728
2020	552



TOGETHER FROM THE BEGINNING

# What Do We Do? *Transaction Lifecycle*



# Investment Legal & Compliance: Accomplishments and Priorities

## 2024 Accomplishments

- Advised on legislation for wholly-owning and controlling title holding corporations
- Developed Knowledge Management Library as an IMD resource that contains various legal presentation and training materials
- Created and presented various IMD internal legal trainings
- **Provided input and support for implementation of changes to the IMD IIC Process and Guidelines and Investment Policy Statement updates**
- **Hosted 9th Annual Legal & Compliance Summit**
- Reviewed new regulatory rules and implemented the requirements

## 2025 Priorities

- Initiate legislative review process for upcoming session
- Provide support and advice on use of various new software platforms and investment data modernization
- Complete global RFQ for external counsel including for investments
- Host 10<sup>th</sup> Annual Legal & Compliance Summit
- **Leverage workflows for more efficient resolution of compliance and ethics matters**
- **Develop training approaches for comprehensive understanding of current policies and evolving statutory, regulatory, and enforcement landscape**

# APPENDIX

# Investment Legal & Compliance: Organization



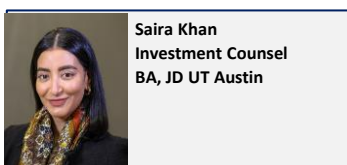
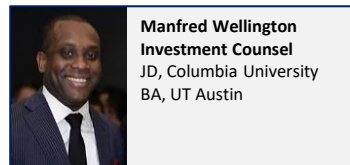
## Experience Summary

27 Advanced degrees and certificates

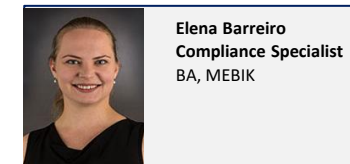
15 Years average of legal experience

16 Years average of compliance experience

## INVESTMENT LEGAL



## INVESTMENT COMPLIANCE



## Shared Services

### BOARD, PIA, PROCUREMENT



### EMPLOYMENT / IP



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# Annual Update to the Board Risk and Portfolio Management

James Nield, Chief Risk Officer  
Mark Telschow, Director

December 2024



# Risk and Portfolio Management (RPM) Group



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**Deral Robison**  
**Senior Analyst**  
*BS, Finance, Analytics & Technology,  
Trinity University*



**Melissa Juranek**  
**Assistant**  
*BBA, Management,  
University of Texas*

11

Years of average direct  
investment experience

18

Advanced degrees  
and certifications

# RPM delivers four key mandates to Trust

## 1. Risk Management

- Monitor daily risk signals
- Provide monthly update
- Develop battle plans

### Board Report



## 2. RPM Portfolios

- Build repeatable processes
- Create scalable solutions
- Generate alpha

### Portfolios



## 3. Trust Management

- Rebalance asset classes
- Optimize balance sheet
- Manage cash balance

### Liquidity



## 4. Trust Strategy

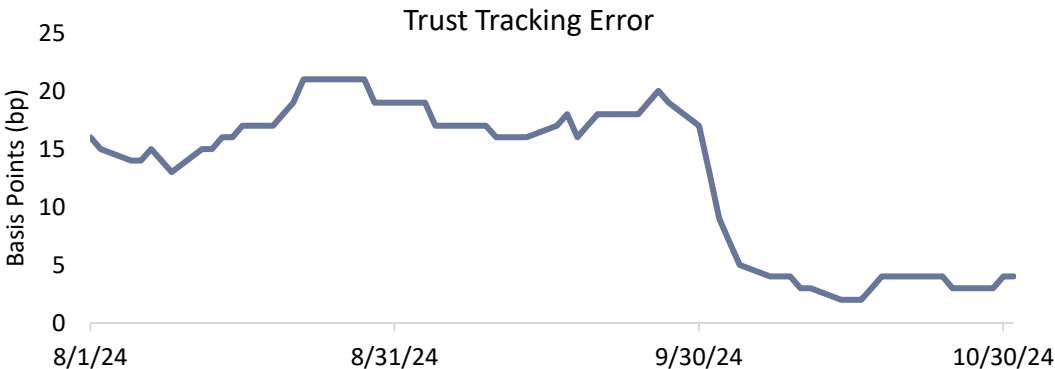
- Shape Asset Allocation (SAA)
- Inform decision making
- Research market conditions

### Strategy

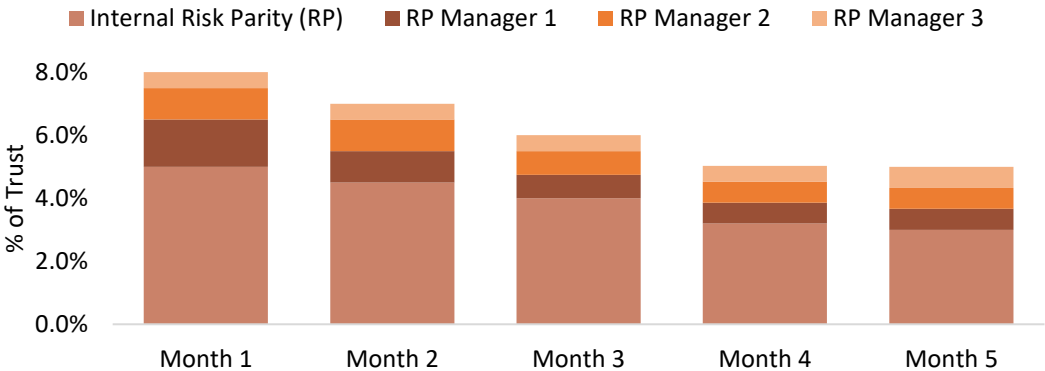


# RPM mandates in action during SAA transition

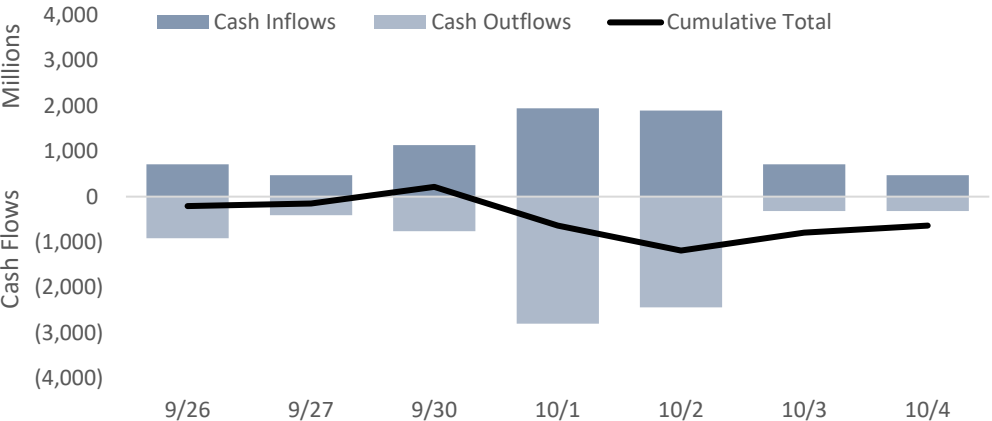
## 1. Risk Management measuring active risk



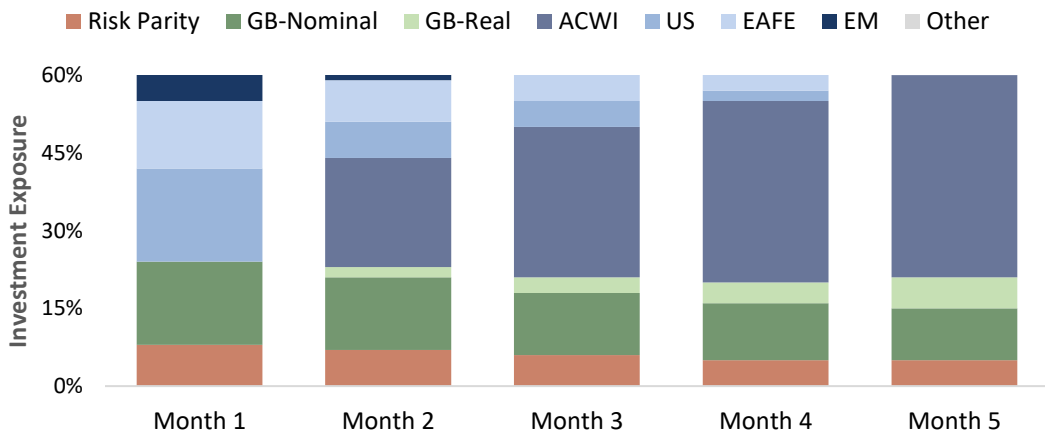
## 2. RPM Portfolios trading to new target



## 3. Trust Management managing cash balance

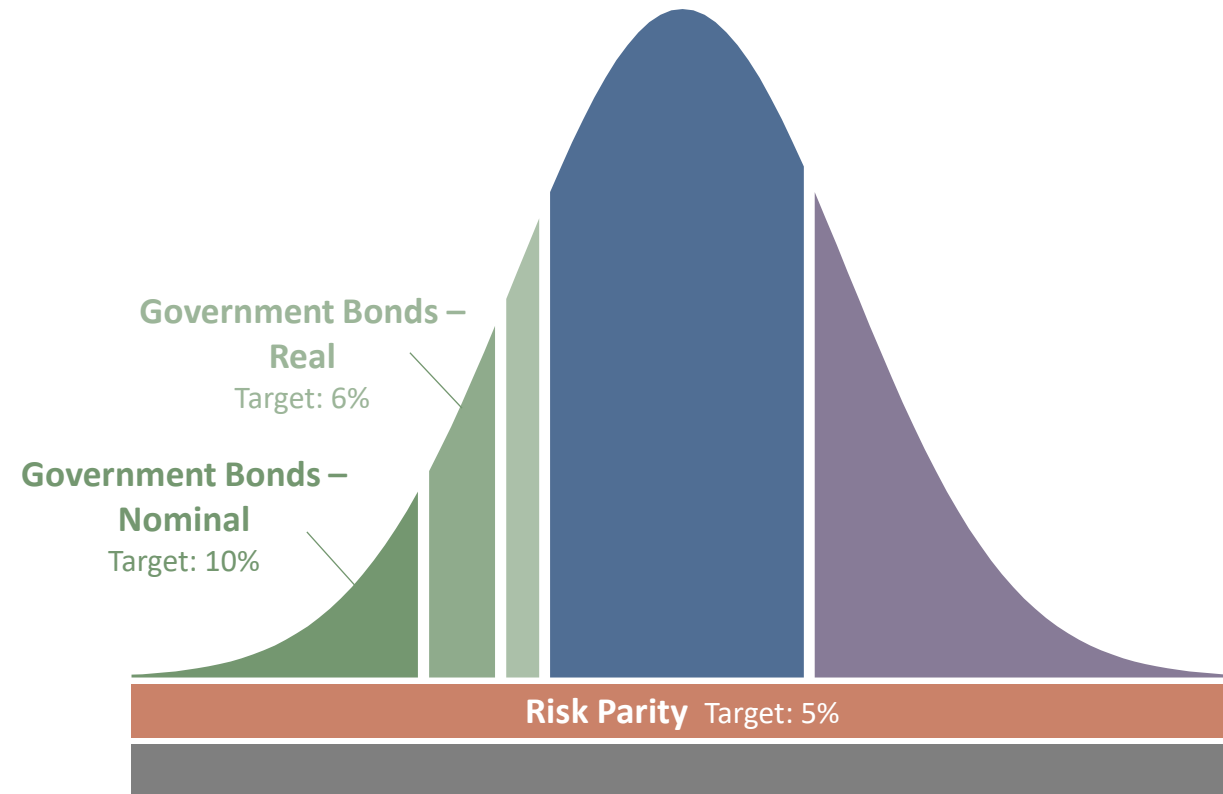


## 4. Trust Strategy coordinating profit center trades

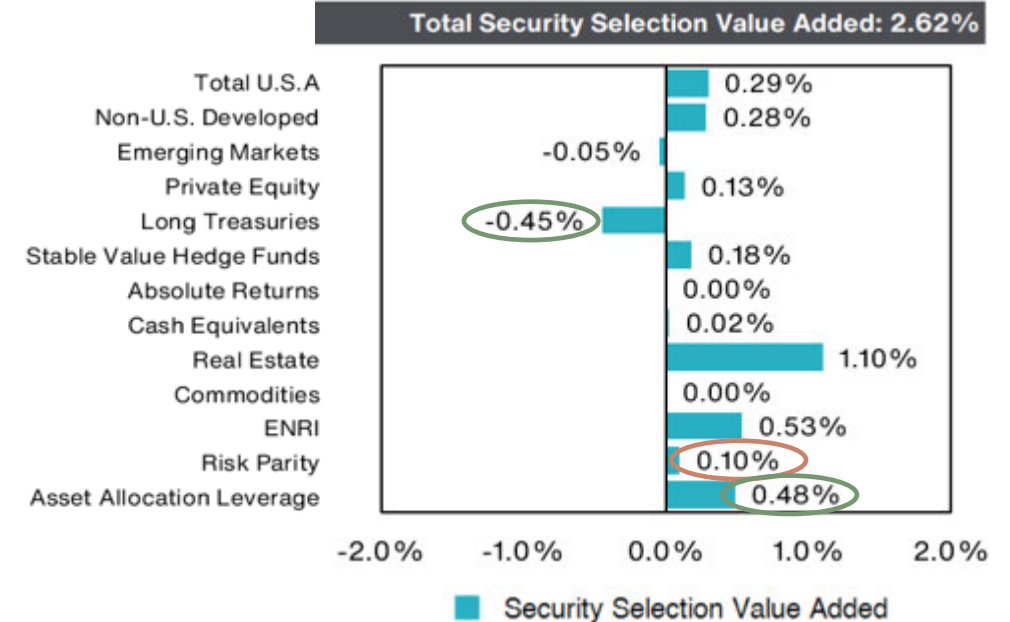


# RPM Portfolios have delivered alpha to the Trust

## RPM Portfolios Role in Trust



As of September 30, 2024	1-Year		3-Year	
	Return	Excess	Return	Excess
<b>Risk Parity</b>	<b>22.6%</b>	<b>1.5%</b>	<b>0.2%</b>	<b>2.4%</b>
Internal Risk Parity (\$8.2B)	23.3%	2.2%	0.4%	2.7%
External Risk Parity (\$5.4B)	21.4%	0.3%	0.0%	2.2%
<b>Gov Bonds ex-Repo Costs</b>	<b>15.6%</b>	<b>0.2%</b>	<b>-8.3%</b>	<b>0.1%</b>
Government Bonds (\$24.8B)	12.0%	-3.4%	-10.1%	-1.7%

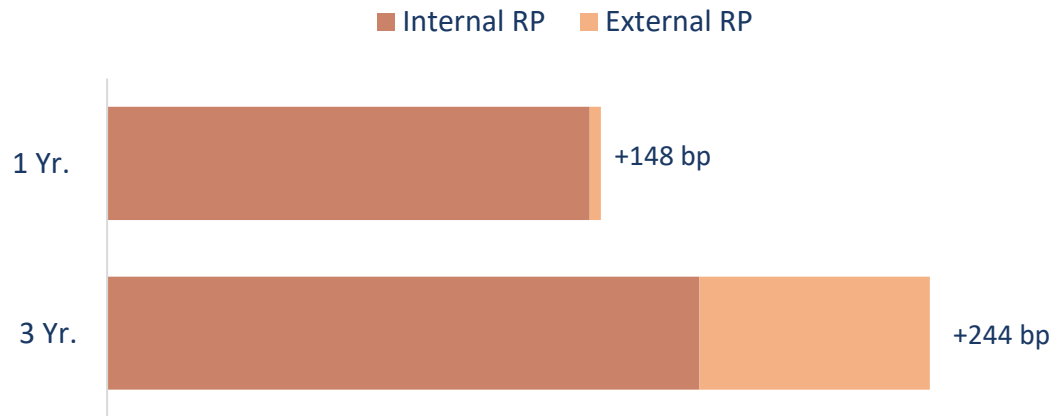


# RPM Portfolios delivering on portfolio mandates

- **Risk Parity**

- Mandate: Deliver diversified beta and fee savings
  1. Positive external manager selection
  2. Internal portfolio outperformance
    - Internal portfolio accounts for two-thirds of allocation

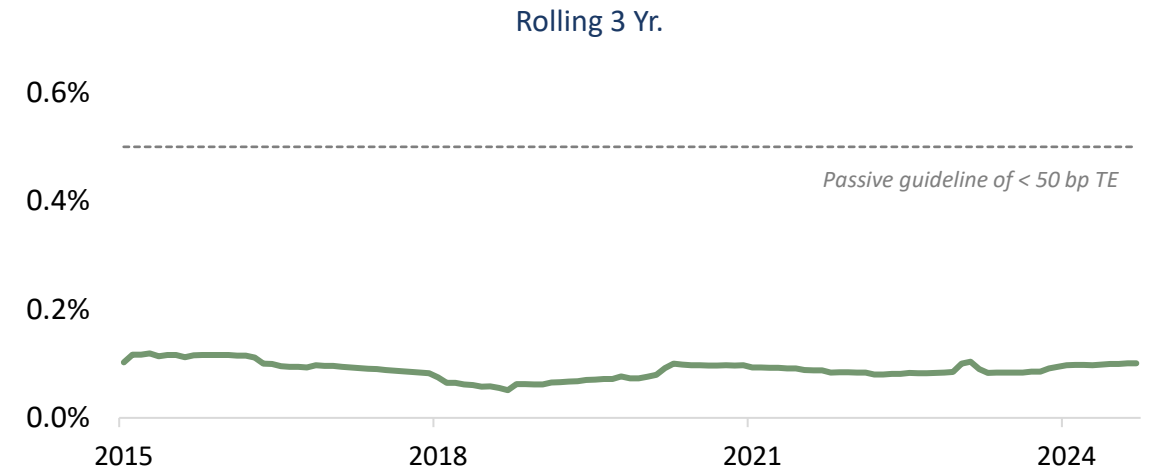
## Risk Parity Internal / External Alpha Split



- **Government Bonds – Nominal**

- Mandate: Provide liquid passive-like exposure
  1. Low tracking error
  2. Craftsmanship alpha adding value
    - Three-year cumulative value-add of \$71mm

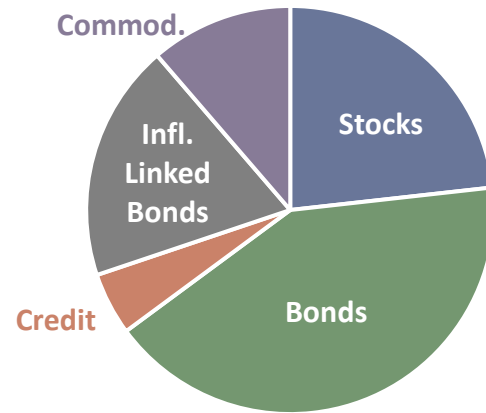
## Government Bonds Tracking Error



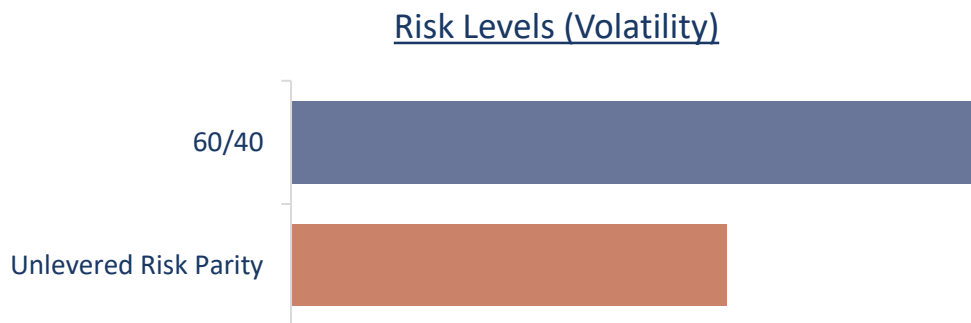
# Risk Parity going to 5% Trust allocation

- **What is Risk Parity?**

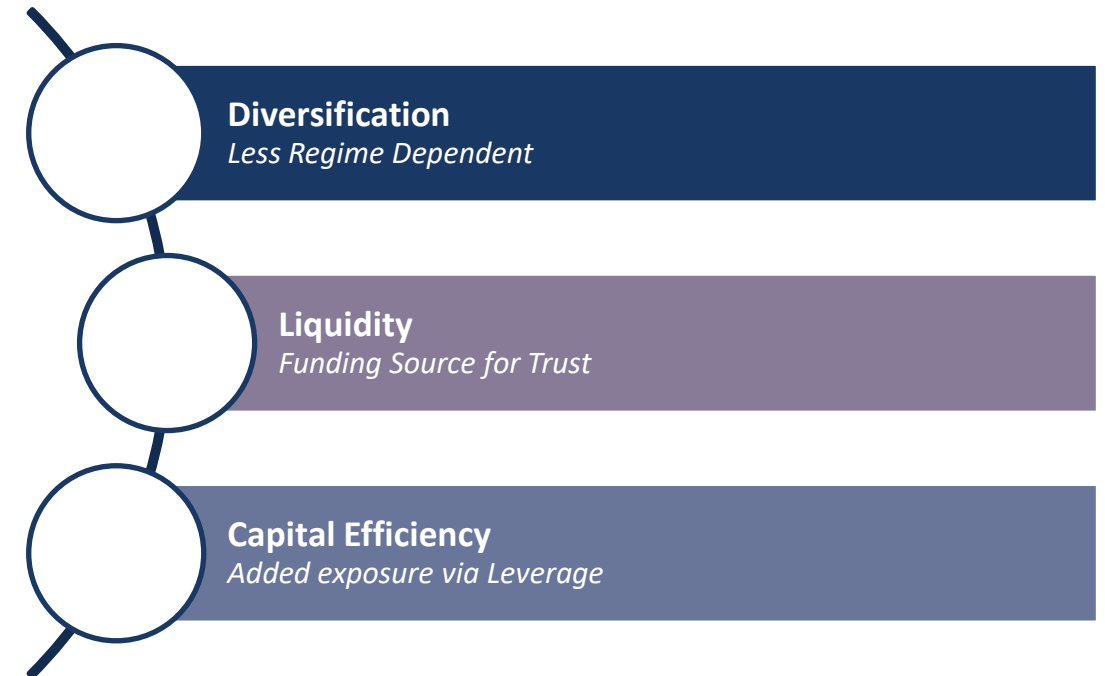
- Diversified portfolio of public-market assets



- Levered prudently given lower risk levels



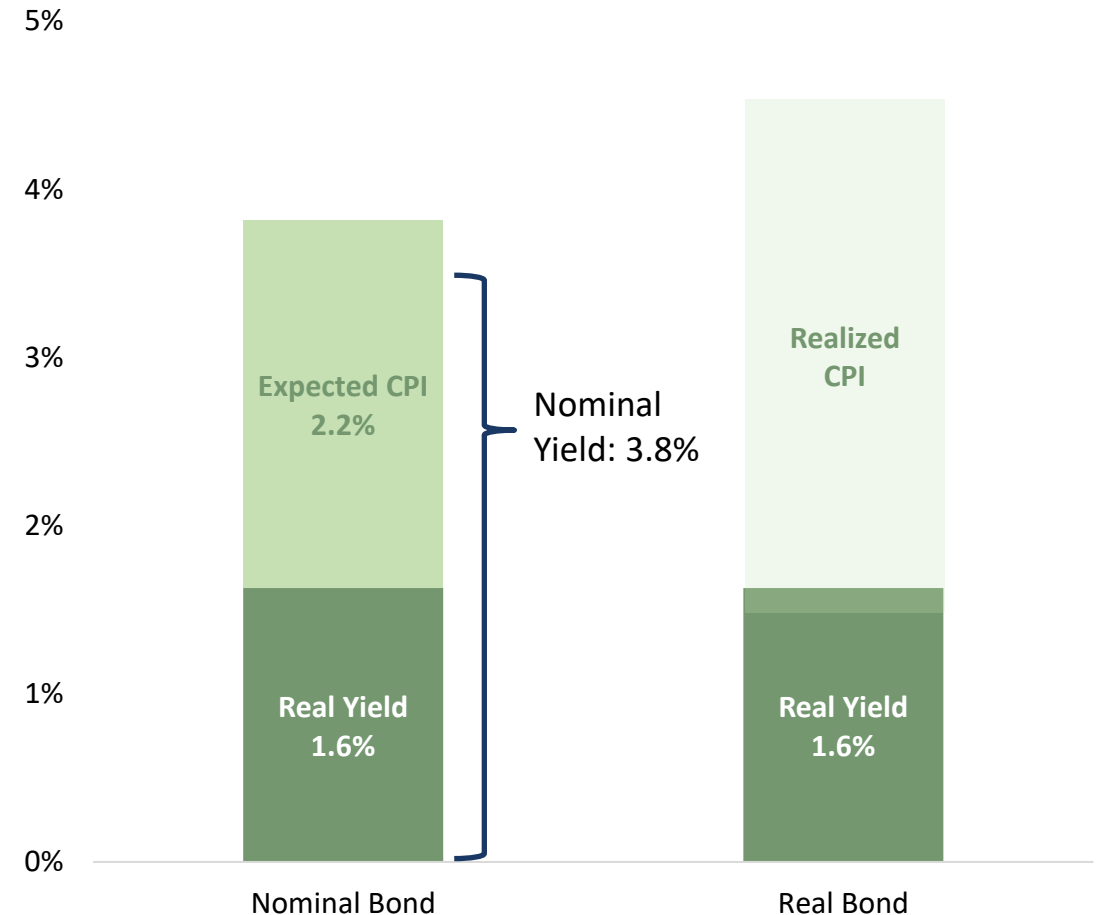
- A portfolio that provides multiple benefits to Trust



# Government Bonds-Real (GB-Real) portfolio up and running

- **GB-Real** provides inflation protected cash flows by linking bond value to CPI (consumer price index)
  - GB-Real allocation lowers trust duration and inflation sensitivity
  - Portfolio will be managed internally with low tracking error similar to the nominal government bonds portfolio
  - Real government bonds will also be used to:
    - Support Trust financing (repo program)
    - Meet collateral needs for derivative trades
    - Fund securities lending program

Nominal Bonds vs. Real Bonds (GB-Real)



# What we are focused on

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- Streamline the SAA process
  - How to make process better and more efficient
- Incorporate new risk system
  - Better leverage TRS data
- Enhance Trust liquidity tools
  - Incorporate second Securities Lending agent
- Generate better beta and add alpha