

April 2025

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**

*All or part of the April 10, 2025, 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, 5th Floor, Boardroom.** T*

The open portions of the April 10, 2025, 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. A recording of the meeting will be available at www.trs.texas.gov.

AGENDA

April 10, 2025 – 2:00 p.m.

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the December 2024 committee meeting – Committee Chair.
3. CIO Update including Talent Management; Accomplishments; Notices; Awards; Key Dates and Upcoming Events – Jase Auby.
4. Discuss the Fourth Quarter 2024 Performance Review – Mike Comstock and Ashley Woeste, Aon.
5. Semi-Annual Risk Report – James Nield and Stephen Kim.
6. Annual Review of Public Markets – Dale West, Lulu Llano, Kyle Wynne and Ashley Baum.

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
December 5, 2024**

The Investment Management Committee of the Board of Trustees of the Teacher Retirement System of Texas met on December 5, 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 who participated:

Mr. David Corpus, Chair
Ms. Brittany Allred
Mr. John Elliott
Ms. 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
Katy Hoffman, TRS
James Nield, TRS
Mark Telschow, TRS
Jamie Llano, TRS
Denise Lopez, TRS
Chris Bowlin, TRS
Katherine Farrell, TRS
Suzanne Dugan, Cohen Milstein
Dr. Keith Brown, Board Advisor
Mike Comstock, Aon
Ashley Woeste, Aon.

Investment Management Committee Chairman, Mr. David Corpus, called the meeting to order at 1:41 p.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 September 2024, Investment Management Committee meeting – Chair David Corpus.

On a motion by Mr. Elliott, seconded by Ms. Allred, the committee unanimously voted to approve the proposed minutes for the September 2024 Investment Management Committee meeting as presented.

3. CIO Update including Talent Management; Accomplishments; Notices; Awards; Key Dates and Upcoming Events – Jase Auby.

Mr. Jase Auby provided an overview of IMD matters. He said as of third quarter the Trust ended one-year performance at 17 percent, 241 basis points of excess return. He noted for the three-year return with 4 percent, with 146 basis points of excess return. He noted having held the SPN Summit recently where U.S. Treasuries and the future of the market were examined. He said as of yesterday, the transition to the new SAA approved by the Trustees in September was completed.

4. Discuss the Third Quarter 2024 Performance Review – Mike Comstock and Ashely Woeste, AON.

Mr. Mike Comstock provided an overview of the Trust's performance. He reviewed the market performance noting the four major components of the Trust. He said global equity aided the Trust Fund growth with six percent for the quarter and 35 percent for the one-year period. He also noted a falling rate environment was good for long Treasuries. He said the Treasury portfolio has been a headwind over the long term for the Trust Fund. He reported real estate as an alpha generator for the Trust but the one year return for the ODCE was down 10 percent. In aggregate the total benchmark was up 4.7, and 14.7 for the one-year period. He reported the asset allocation was in line with the approved targets and certainly within the policy allowed ranges. He said the Trust Fund's absolute performance was 4.5 percent return for the third quarter. In regard to risk performance, he reported, the risk was in line with the median Fund but the return was short. He said this stemmed the long duration Treasury portfolio and an underweight in U.S. equities relative to non-U.S. equities. He said with the new SAA the spread between non and U.S. equities has narrowed.

5. Update of the Trading Group – Jaime Llano.

Mr. Jaime Llano provided an overview of the Trading Group. He said the group has three mandates, the first being implementation, effectively execute all IMD investment ideas. The second mandate he said is market intelligence such as pre-trade analysis, coming up with implementation solutions, transition management and corporate actions. The third mandate is index management, he said, this is done by replicating the benchmark index by owning all the eligible securities. He reviewed the life of an equity from the time the portfolio manager decides to trade a security to post-trade analysis. He reported over the year \$338 billion was traded, 9.6 billion shares, 246,000 trades, 2.1 million future contracts, over 50 countries, and over 17 currencies.

6. Update on the IMD Legal & Compliance – Heather Traeger, Denise Lopez and Chris Bowlin.

Ms. Heather Traeger reviewed the guiding principles that are followed by the Legal & Compliance (L&C) team. Mr. Chris Bowlin reviewed the make up of the L&C team. Ms. Denise Lopez noted the team are considered generalists in that they advise on any legal matter for any IMD portfolio. She said a substantial amount of work is retained in-house while outsourcing standard repetitive contracts that require little legal analysis. She said this optimizes not only internal and external counsels time but helps minimize costs and control legal costs. Mr. Bowlin stated Compliance similarly seeks to balance the use of external counsel for special projects versus the routine tasks. Ms. Lopez reported that private markets consistently has the highest number of legal compliance matters with 280 matters and real estate comes in second with 140 matters. She emphasized that even though a portfolio may have less overall matters, it did not equate to spending less time on matters for those groups. She gave the example of external private markets could have a matter that last months due to its complexity. She noted the number of matters are skewing back to pre-COVID numbers, having seen a peak in 2022 of over 800 matters. She reviewed how L&C is alongside IMD from the beginning of basically every investment made for the Trust. Mr. Bowlin then reviewed how Compliance is involved in the post-deal life of the Fund matters, such as actively monitoring holdings and advising on regulatory reports. Ms. Lopez and Mr. Bowlin concluded by reviewing L&C's 2024 accomplishments and 2025 goals.

7. Update of the Risk and Portfolio Management – James Nield and Mark Telschow.

Mr. James Nield reviewed the four mandates of the team. He said that the Risk Management team works to make sure all the different profit centers across the Trust come together to provide one cohesive portfolio. Second, the Portfolio Strategies team manages 21 percent of the Trust. Third, the Trust Management team works to keep the Trust on track in two ways. He said this is done by one, rebalancing the Trust as needed (managing the over and underweights throughout the Trust) and two, by raising cash and liquidity as needed to support operational or financing needs. The fourth mandate is the Trust Strategy Team that coordinates the Asset Allocation Study that informs decision making.

Mr. Mark Telschow reviewed the portfolios that account for the 21 percent of the Trust assets. He said the largest, government bonds nominal, has a 10 percent Trust target allocation. He said for Risk Parity, there was 10 basis points of alpha contribution. He said two-thirds of the portfolio is managed internally with a third allocated to external managers. Mr. Nield concluded by reviewing the upcoming year and the priorities of the team.

There being no more business before the Investment Management Committee, the committee adjourned at 2:57 p.m.

Approved by the Investment Management Committee of the Board of Trustees of the Teacher Retirement System of Texas on April __, 2025.

Katherine H. Farrell
Secretary of the TRS Board of Trustees

Date

CIO Update

Jase Auby, Chief Investment Officer

April 2025



CIO Update

IMD at a Glance

Priorities

- **Performance.** The Trust ended 2024 with a 1-year return of 7.9% and +239 bp of excess return. The 3-year return is 2.0% with +163 bp of excess return
- **Return to Office.** Starting March 31, 2025, the IMD returned to office five days per week
- **Legislative.** Engaging in the 89th Texas Legislative session to offer subject matter expertise
- **Quantitative Equity Group.** Established to reinforce our investment capabilities and team development
- **Compensation.** Conducting biennial base compensation study alongside OE and Mercer

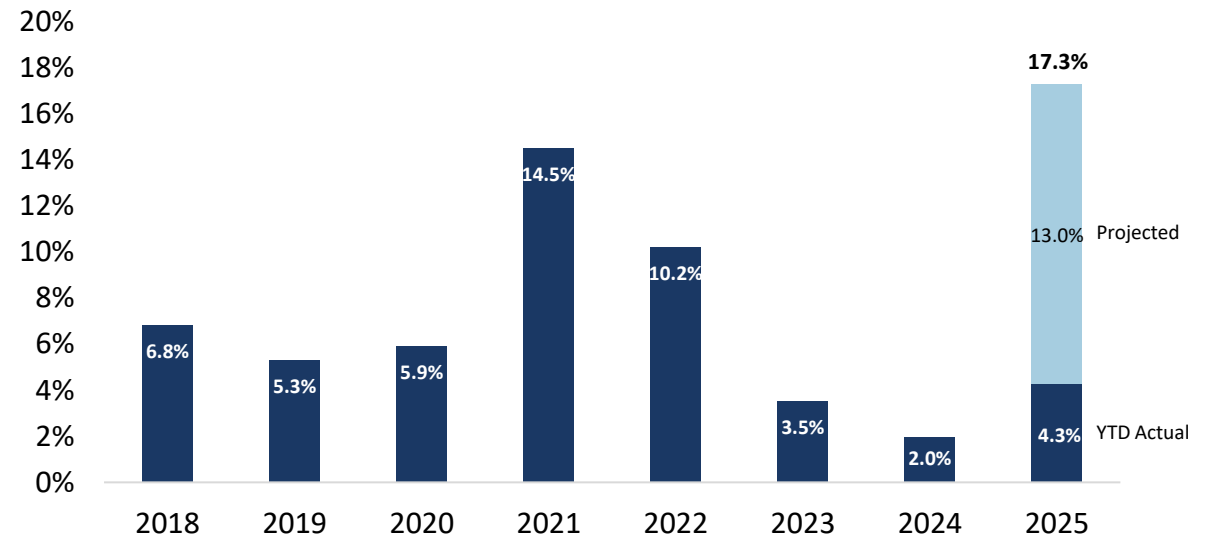
Our People

Snapshot as of March 2025

| | |
|-------------|-----|
| IMD FTEs | 253 |
| Contractors | 4 |

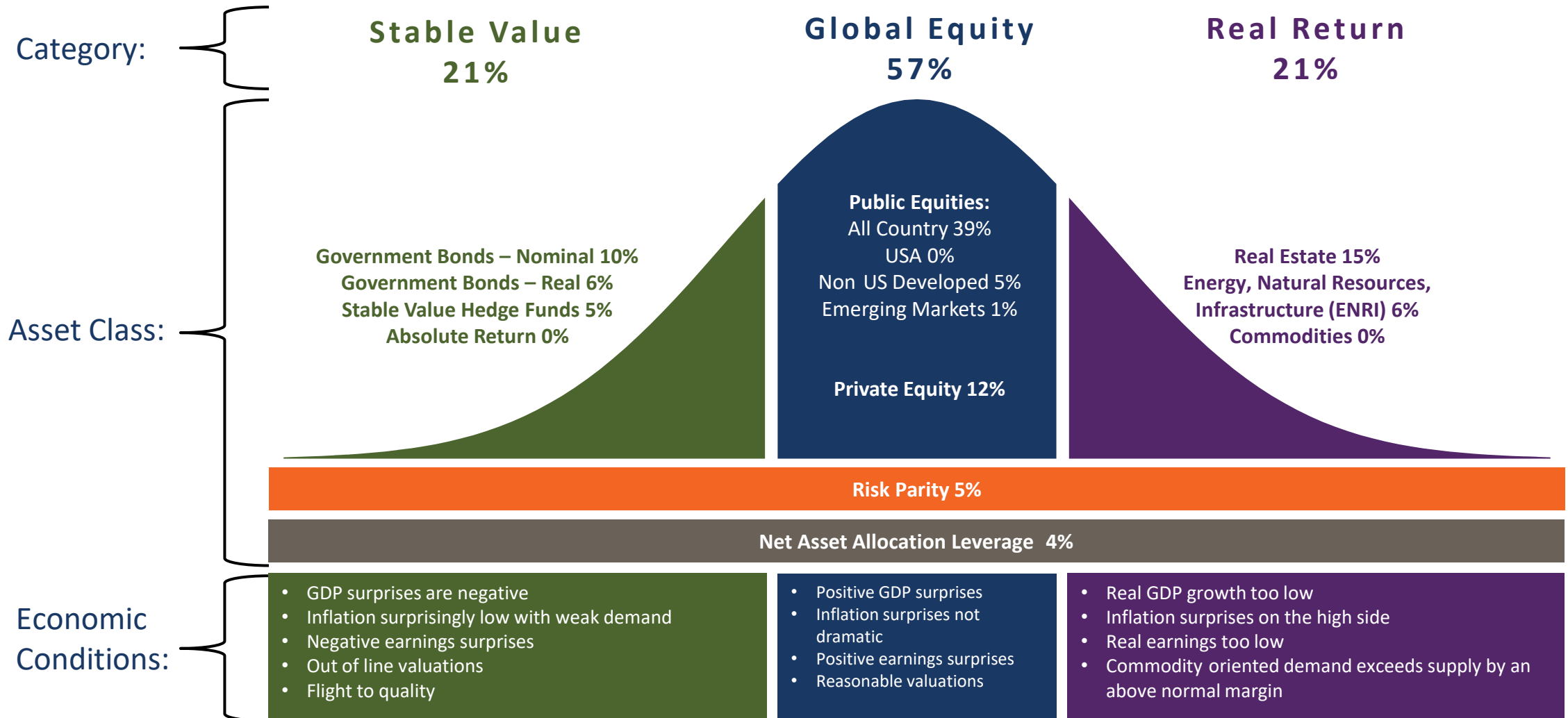
Attrition Trend 2018 – 2025

as of March 2025



Investment Management

Strategic Asset Allocation – Diversification Framework



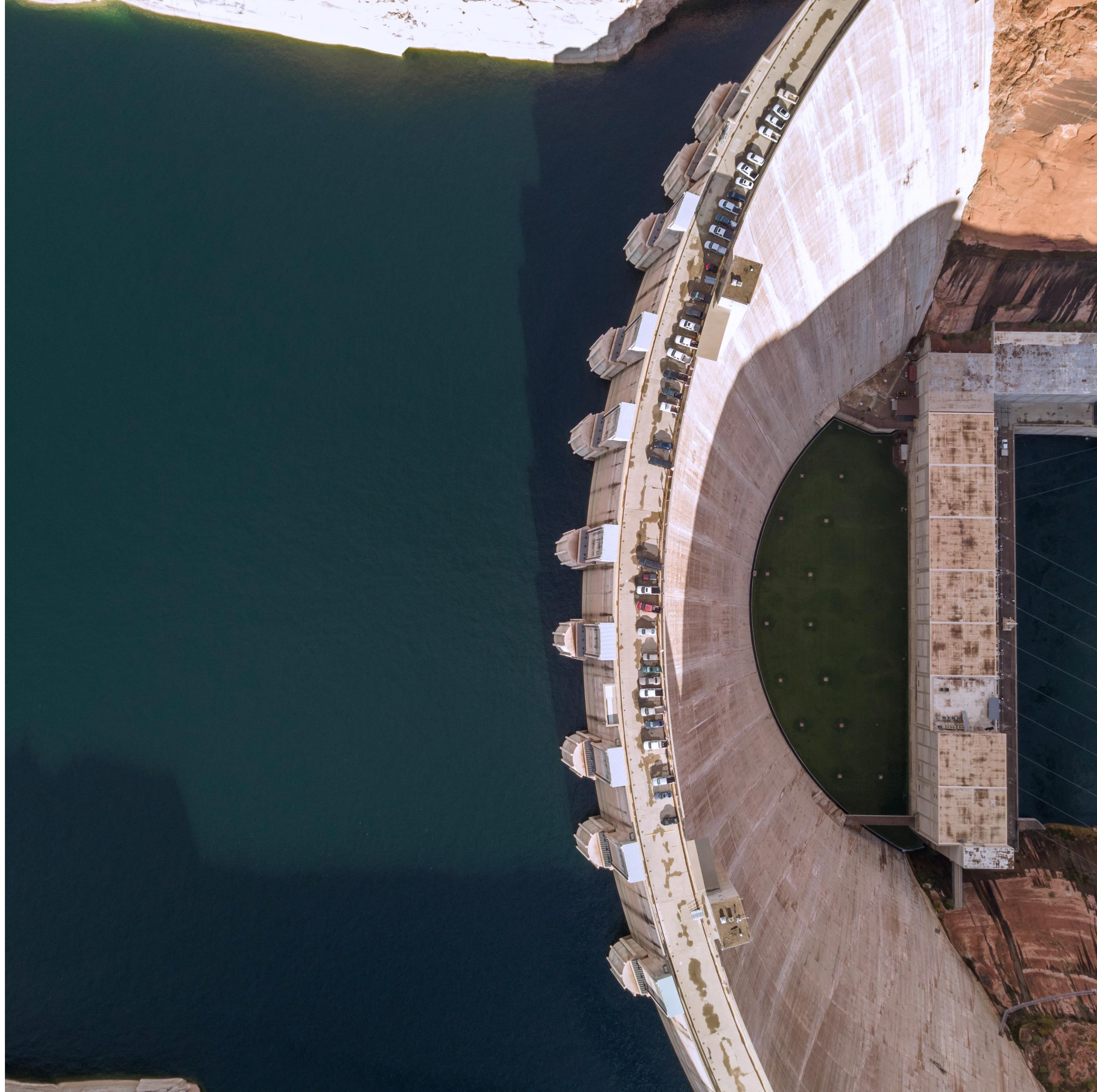
Note: As of September 30, 2024



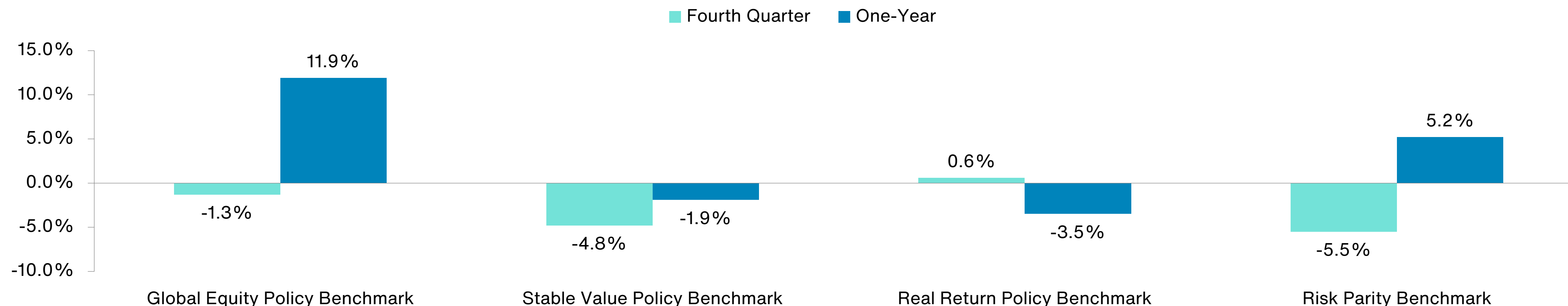
Teacher Retirement System of Texas

Performance Review:
Fourth Quarter 2024

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



In Q4 2024, the S&P 500 Index continued making new highs throughout the quarter in response to lowering interest rates by the Federal Reserve, range-bound inflation, better than expected economic growth, and a post-election “relief rally”. However, non-U.S. equities declined, largely driven by a stronger dollar.

Global equities fell -1.3% for the quarter, and they returned 11.9% over a trailing 1-year period.

The U.S. Fed cut its benchmark interest rate twice over the quarter by 0.25% each to a range of 4.25%- 4.50%. In its December 2024 meeting, the Federal Open Market Committee (FOMC) stated that the risks to achieving its employment and inflation targets are fairly balanced. The latest Fed "dot plot," showed FOMC members projecting a reduction of only half a percentage point in interest rates for 2025 with the rate expected to decline to 3% beyond 2027.

TRS returned -1.5% for the quarter which was about 0.5 percentage points above its benchmark.

-Outperformance at the asset class level for Public Equity, Stable Value, and Real Return were the primary driver for relative results.

For the trailing twelve months, TRS returned 7.9% versus the benchmark return of 5.5%.

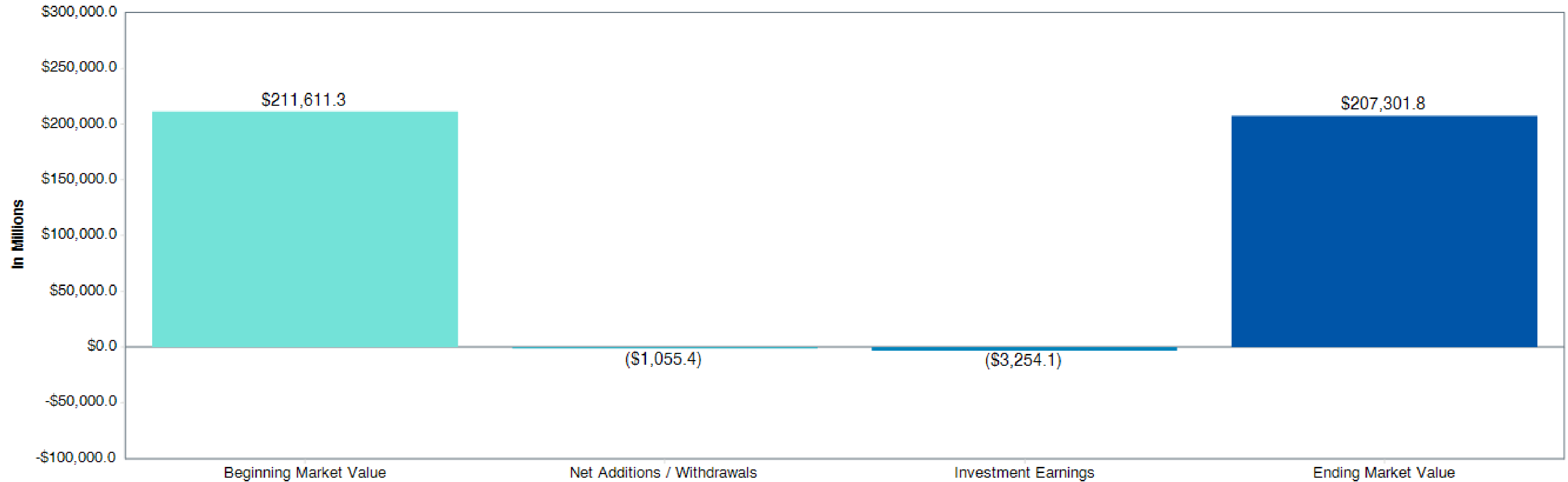
-Outperformance from the Global Equity, Stable Value, and Real Return asset classes were the primary drivers of relative performance.

1. Market Summary – Fourth Quarter 2024

| | Fourth Quarter | One Year | Three Years | Five Years | Ten Years |
|---|----------------|-------------|--------------|-------------|-------------|
| Global Equity: | | | | | |
| TRS All Country Benchmark | -1.0% | -- | -- | -- | -- |
| TF USA Benchmark | 2.6 | 23.8 | 8.0 | 14.0 | 12.7 |
| TRS Non-US Developed Benchmark | -7.6 | 4.4 | 1.7 | 5.0 | 5.2 |
| TRS Emerging Markets Benchmark | -8.3 | 5.3 | -2.0 | 1.6 | 3.6 |
| Customized State Street Private Equity Index (quarter lagged) | 1.2 | 7.1 | 4.0 | 13.7 | 12.3 |
| <i>Global Equity Policy Benchmark</i> | <i>-1.3</i> | <i>11.9</i> | <i>4.1</i> | <i>10.1</i> | <i>9.3</i> |
| Stable Value: | | | | | |
| Bloomberg Long Treasury Index | -8.6% | -6.4% | -12.0% | -5.2% | -0.6% |
| Bloomberg U.S. TIPS Index | -2.9 | -- | -- | -- | -- |
| SOFR + 2.5% | 1.8 | -- | -- | -- | -- |
| Absolute Return Benchmark | 2.2 | 9.7 | 8.4 | 6.0 | 4.7 |
| 90 Day U.S. Treasury Bill | 1.2 | 5.4 | 4.1 | 2.5 | 1.8 |
| <i>Stable Value Policy Benchmark</i> | <i>-4.8</i> | <i>-1.9</i> | <i>-7.7</i> | <i>-2.3</i> | <i>0.7</i> |
| Real Return: | | | | | |
| NCREIF ODCE (quarter lagged) | 0.0% | -8.0% | -1.0% | 2.1% | 5.2% |
| Energy, Natural Resources & Infrastructure Benchmark | 1.7 | 6.8 | 10.0 | 8.6 | -- |
| Goldman Sachs Commodities Index | 3.8 | 9.2 | 9.6 | 7.1 | 1.2 |
| <i>Real Return Policy Benchmark</i> | <i>0.6</i> | <i>-3.5</i> | <i>2.2</i> | <i>4.0</i> | <i>5.0</i> |
| Risk Parity: | | | | | |
| <i>Risk Parity Benchmark</i> | <i>-5.5%</i> | <i>5.2%</i> | <i>-5.0%</i> | <i>0.8%</i> | <i>3.5%</i> |
| TRS Policy Benchmark | -2.0% | 5.5% | 0.4% | 5.8% | 6.5% |

2. Market Value Change

From September 1, 2024 to December 31, 2024



| Summary of Cash Flows | | | | | |
|------------------------------|------------------------|------------------------|------------------------|------------------------|--|
| | 1 Quarter | 1 Year | 3 Years | 5 Years | |
| Total Fund | | | | | |
| Beginning Market Value | 211,611,346,875 | 192,953,353,892 | 204,712,889,318 | 162,585,302,761 | |
| + Additions / Withdrawals | -1,055,435,192 | -1,005,305,493 | -9,031,806,072 | -17,527,484,474 | |
| + Investment Earnings | -3,254,128,000 | 15,353,735,284 | 11,620,700,437 | 62,243,965,397 | |
| = Ending Market Value | 207,301,783,683 | 207,301,783,683 | 207,301,783,683 | 207,301,783,683 | |

3. Asset Allocation Detail

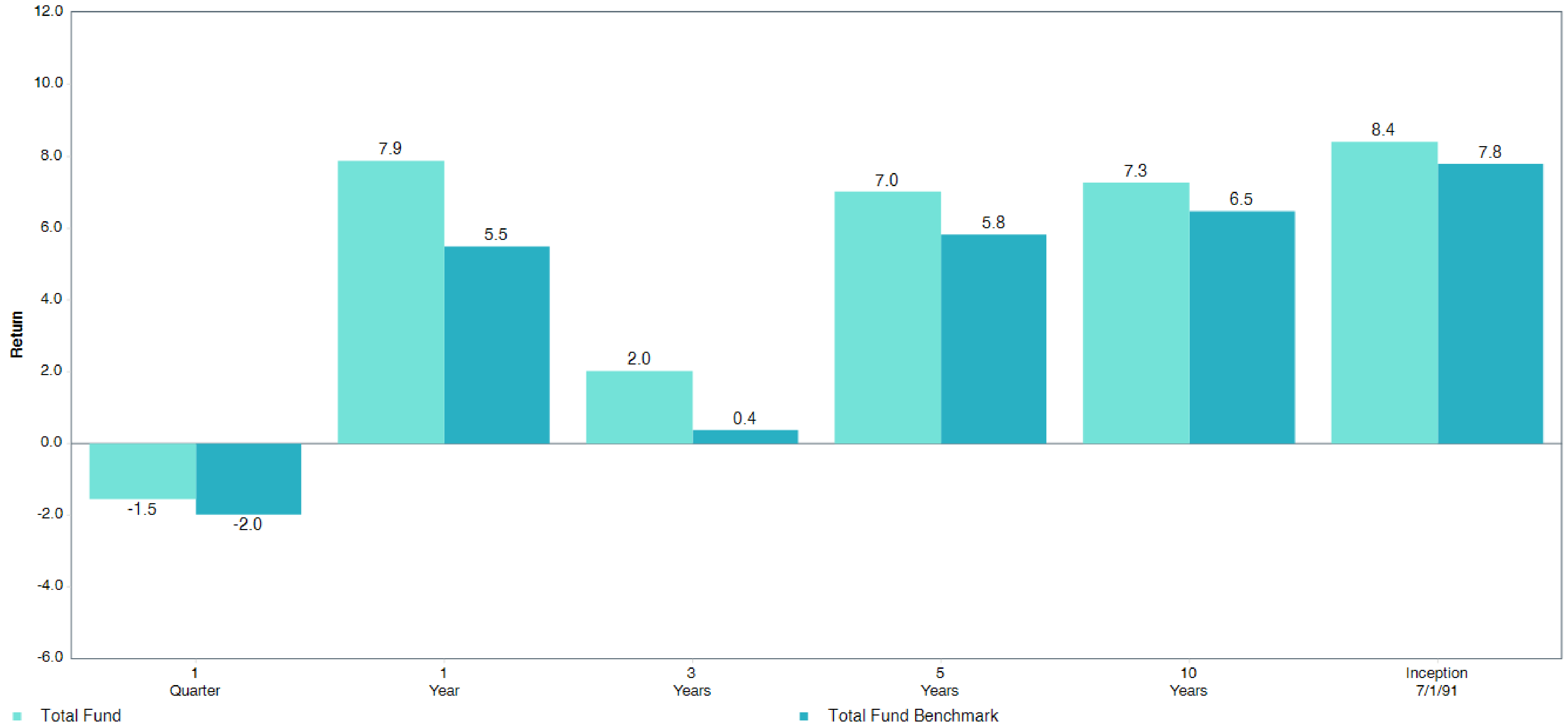
| | Market Value \$ in millions) as of 12/31/2024 | | Interim Policy Target | Relative to Interim Policy Target | Long Term Policy Target | Long Term Policy Ranges |
|-----------------------------------|--|---------------|-----------------------------|--|----------------------------------|----------------------------------|
| | (\$) | (%) | | | | |
| Investment Exposure | -- | 105.2% | 104.0% | +1.2% | 104.0% | 93-115% |
| Total All Country | \$74,042 | 35.7% | 37.0% | -1.3% | 39.0 | 34-44% |
| Non-U.S. Developed | \$9,640 | 4.7% | 4.7% | 0.0% | 5.0 | 0-10% |
| Emerging Markets | \$1,931 | 0.9% | 1.0% | -0.1% | 1.0 | -4-6% |
| Private Equity | \$32,646 | 15.7% | 15.8% | -0.1% | 12.0 | 7-19% |
| Global Equity | \$118,259 | 57.0% | 58.3% | -1.3% | 57.0% | 50-64% |
| Government Bonds - Nominal | \$18,674 | 9.0% | 9.5% | -0.5% | 10.0 | 0-15% |
| Government Bonds - Real | \$6,281 | 3.0% | 5.7% | -2.7% | 6.0 | 0-11% |
| Stable Value Hedge Funds | \$11,075 | 5.3% | 4.8% | +0.5% | 5.0 | 0-10% |
| Absolute Return | \$7,327 | 3.5% | 0.0% | +3.5% | 0.0 | 0-10% |
| Stable Value | \$43,357 | 20.9% | 20.1% | +0.8% | 21.0% | 14-28% |
| Real Estate | \$29,947 | 14.4% | 14.1% | +0.3% | 15.0 | 10-20% |
| Energy, Natural Resource and Inf. | \$14,261 | 6.9% | 6.8% | +0.1% | 6.0 | 1-11% |
| Commodities | \$241 | 0.1% | 0.0% | +0.1% | 0.0 | 0-5% |
| Real Return | \$44,449 | 21.4% | 20.9% | +0.5% | 21.0% | 14-28% |
| Risk Parity | \$9,661 | 4.7% | 4.7% | 0.0% | 5.0 | 0-10% |
| Risk Parity | \$9,661 | 4.7% | 4.7% | 0.0% | 5.0% | 0-10% |
| Cash | \$5,657 | 2.7% | 2.0% | +0.7% | 2.0 | 0-7% |
| Asset Allocation Leverage | -\$14,081 | -6.8% | -6.0% | -0.8% | -6.0 | -- |
| Net Asset Allocation | -\$8,424 | -4.1% | -4.0% | -0.1% | -4.0% | -- |
| Total Fund | \$207,302 | | | --- | 100.0% | -- |



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.

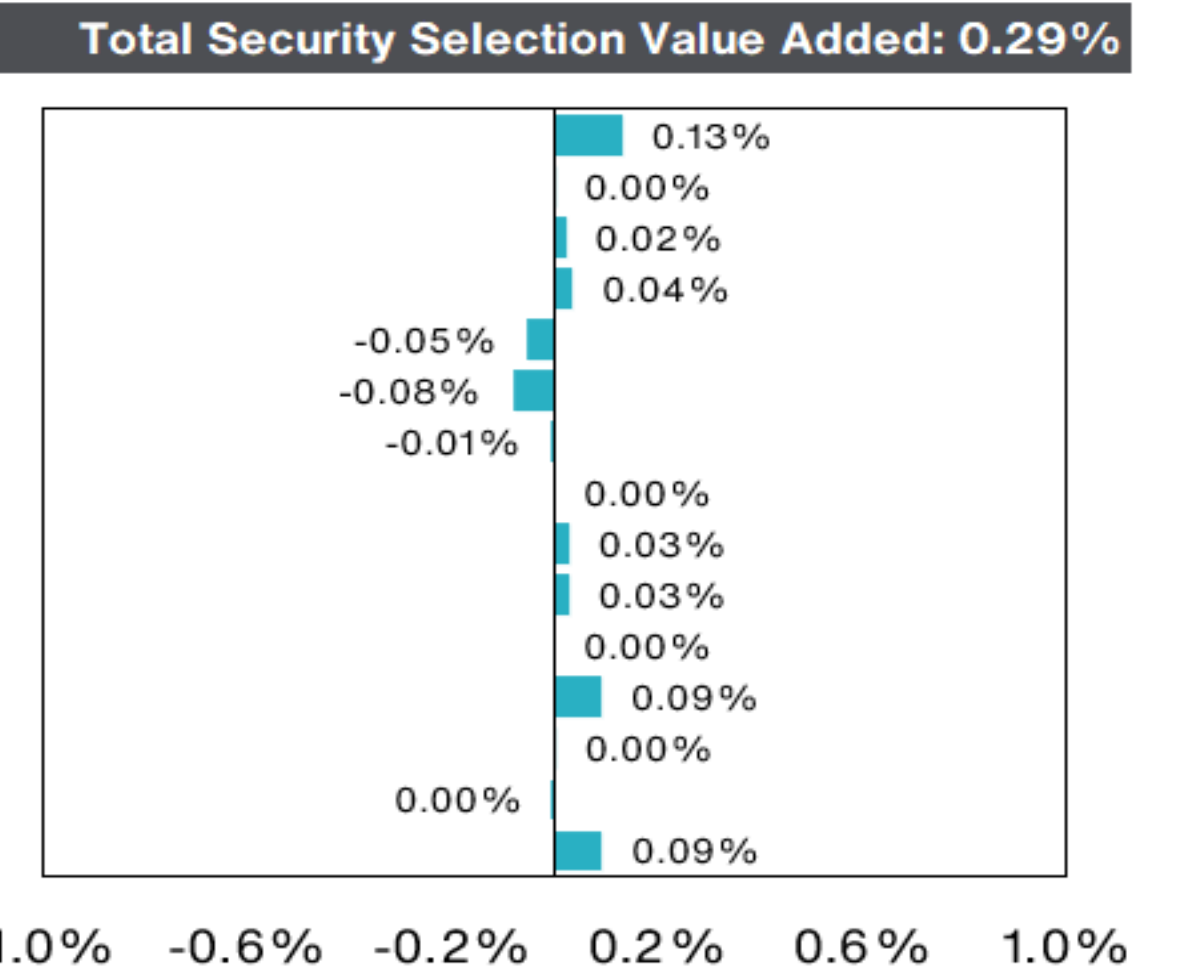
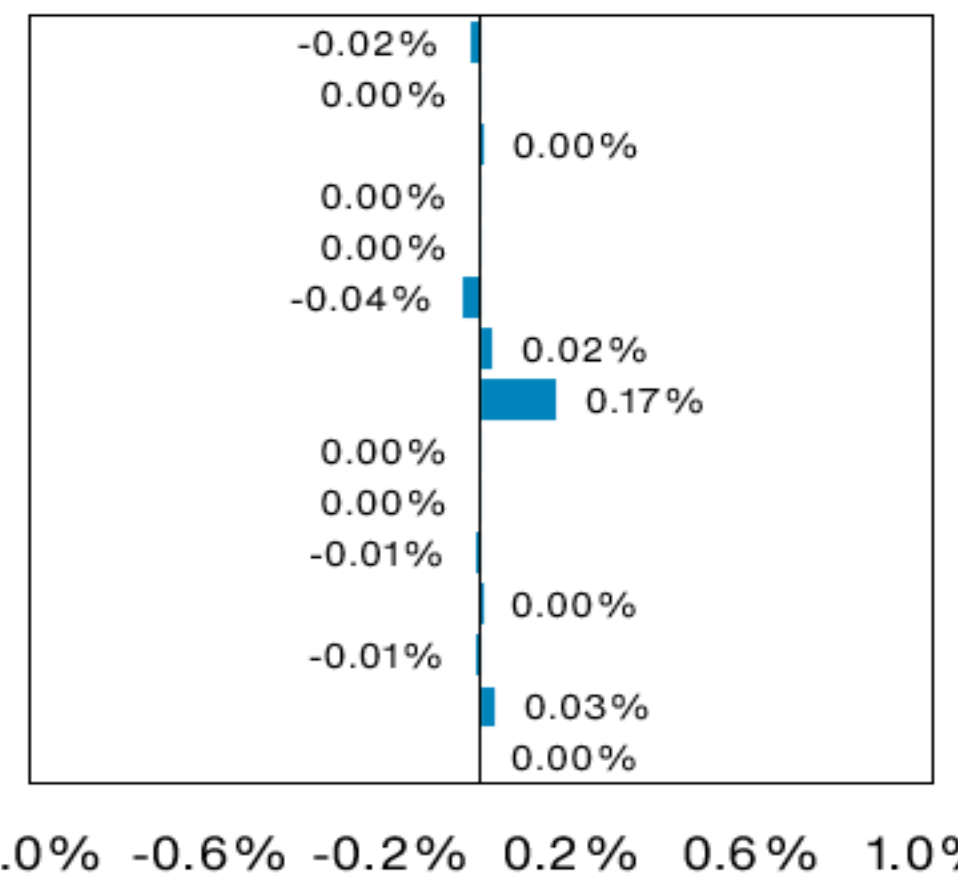
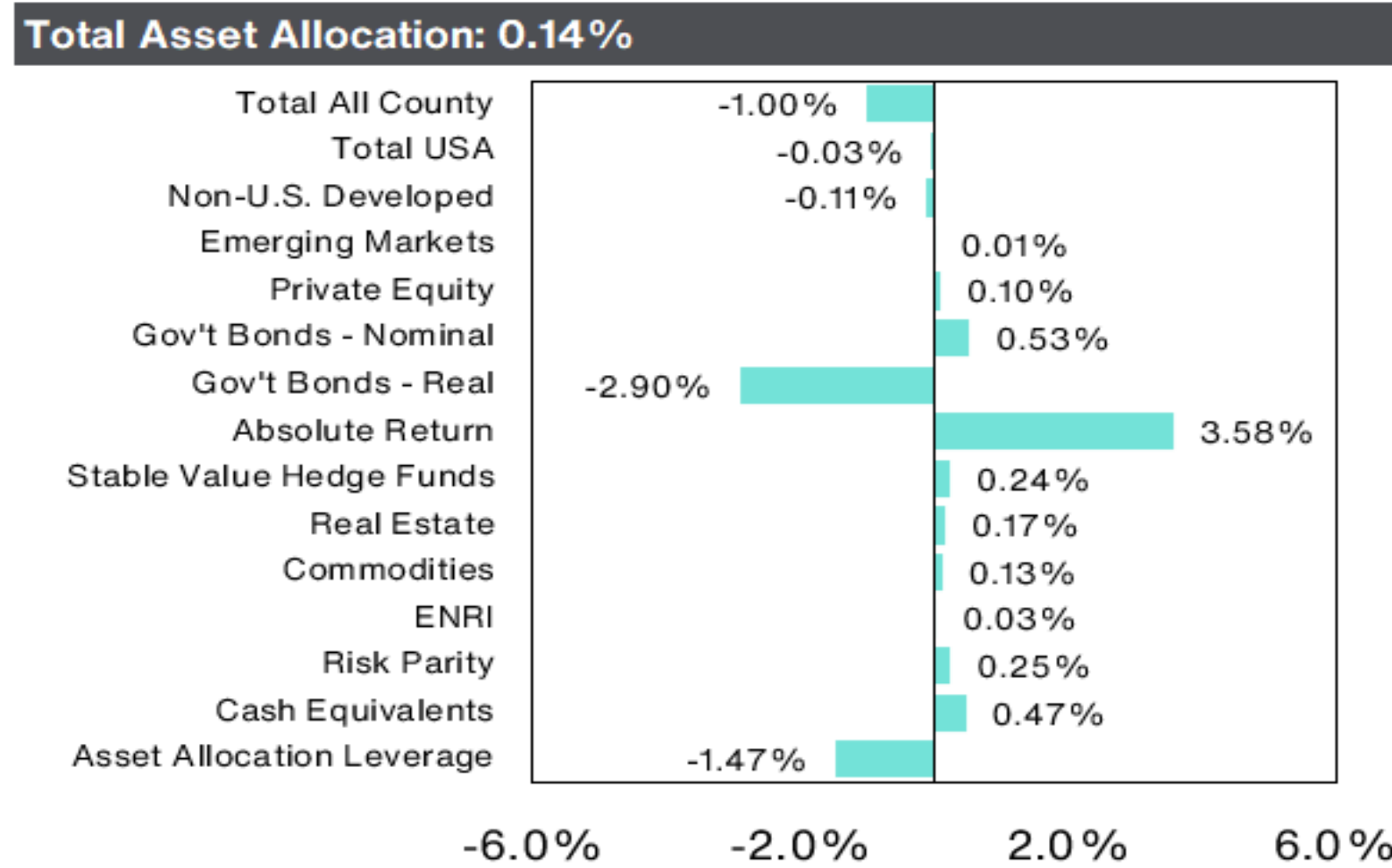
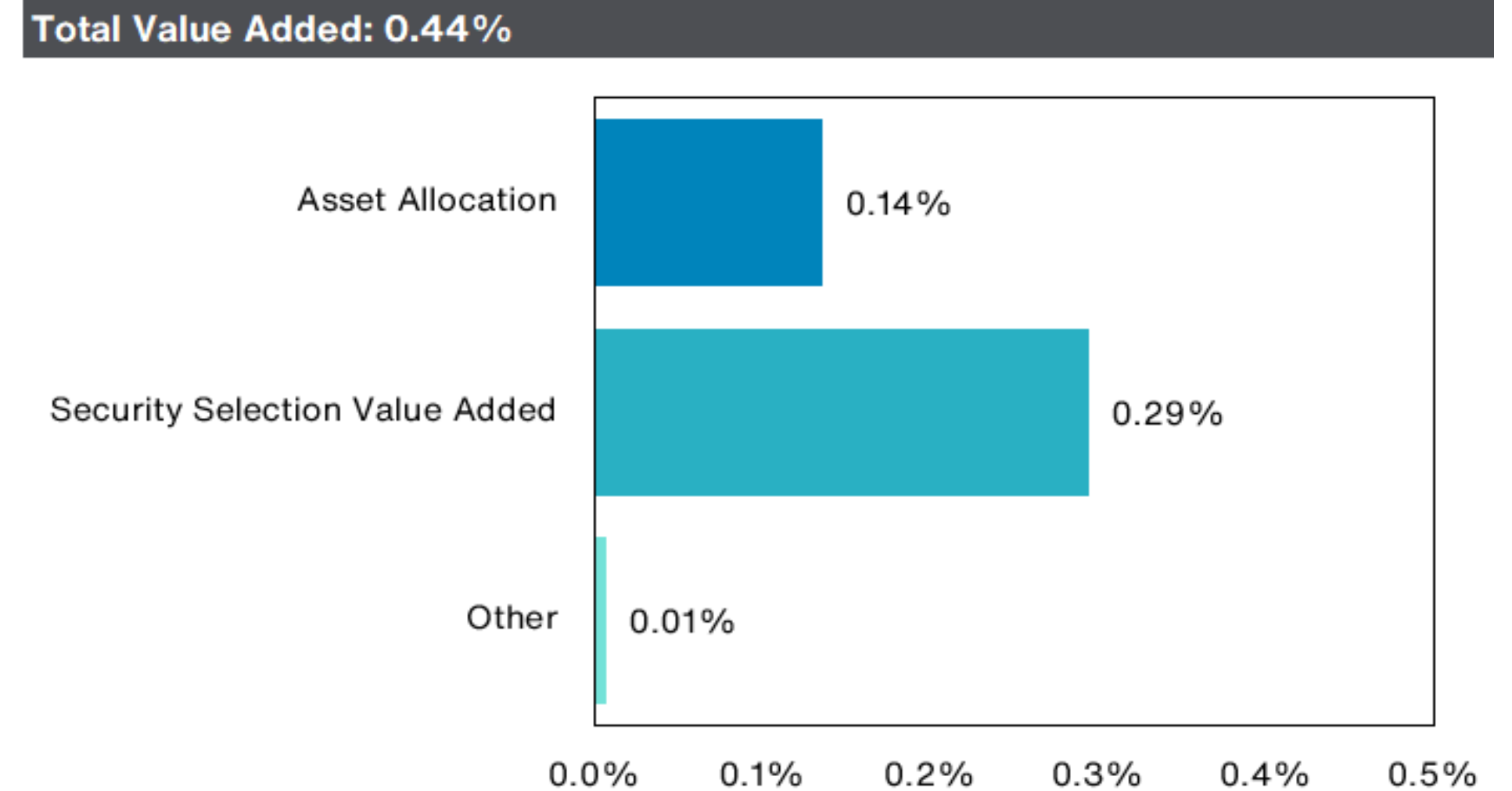
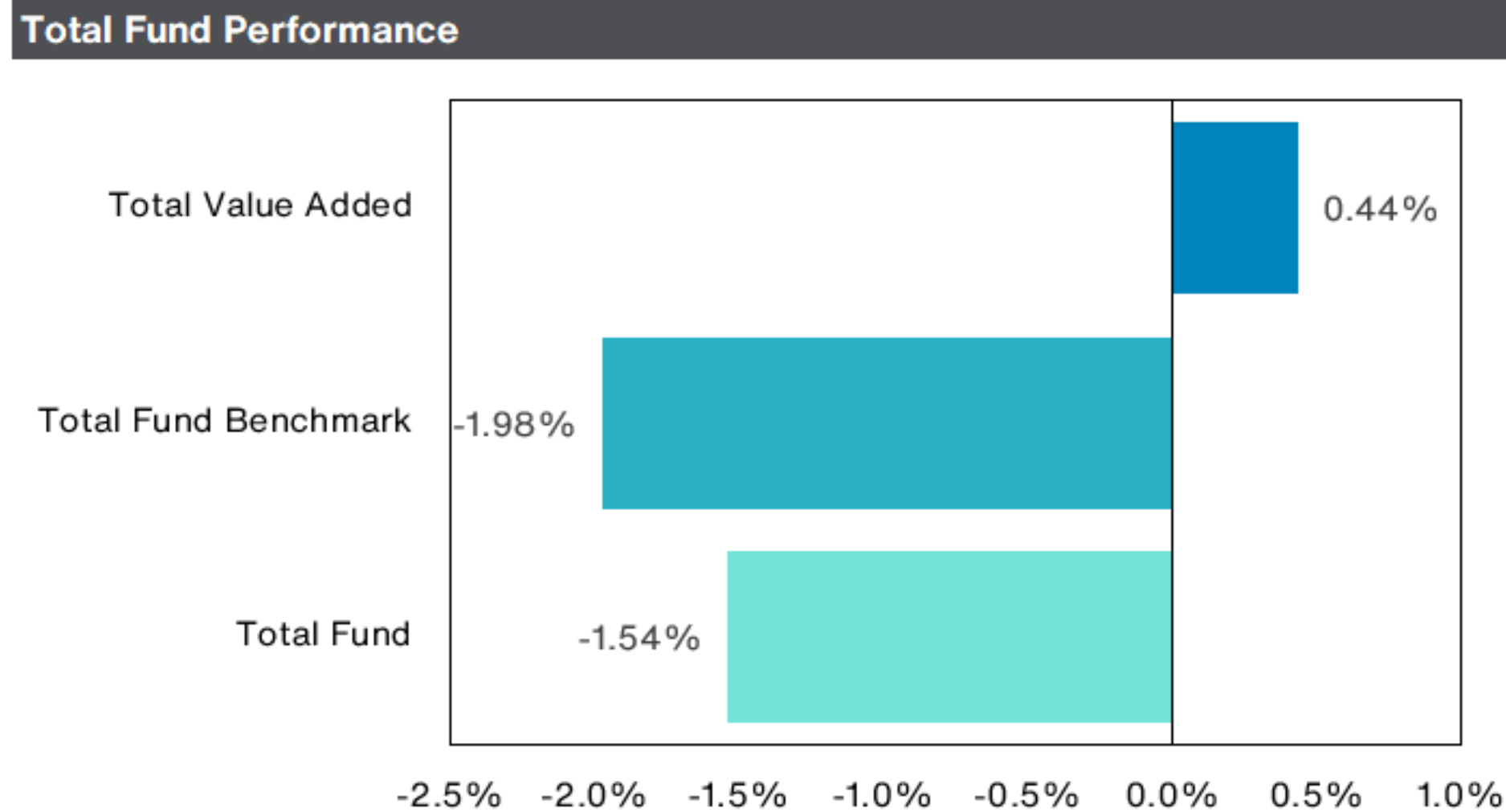
4. Total TRS Performance Ending 12/31/2024

Return Summary



5. Total Fund Attribution – One Quarter Ending 12/31/2024

Total Fund vs. Total Fund Benchmark



■ Average Active Weight

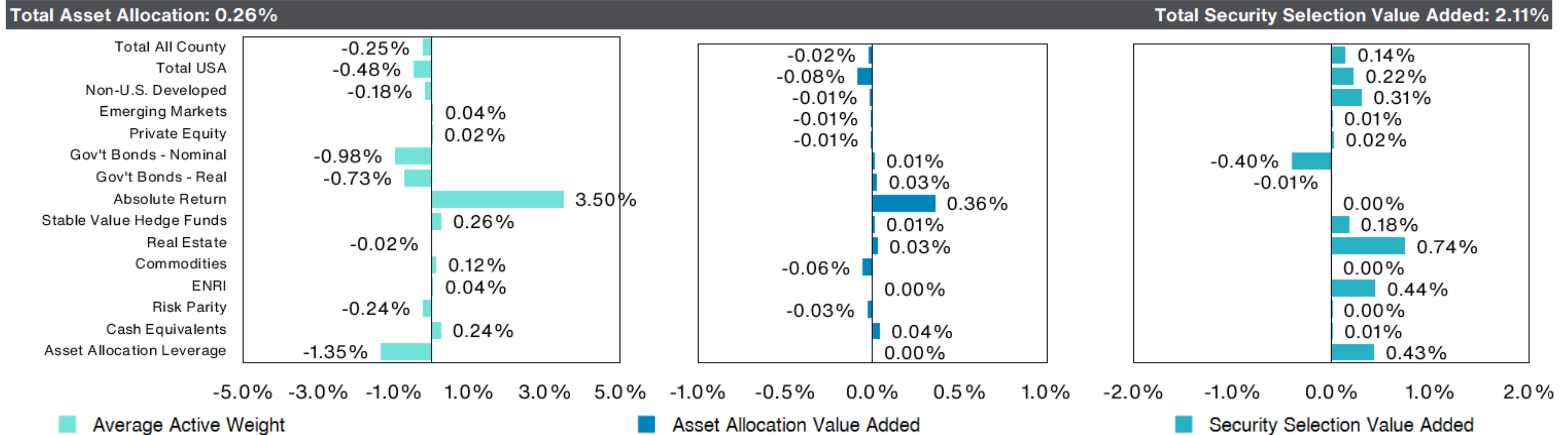
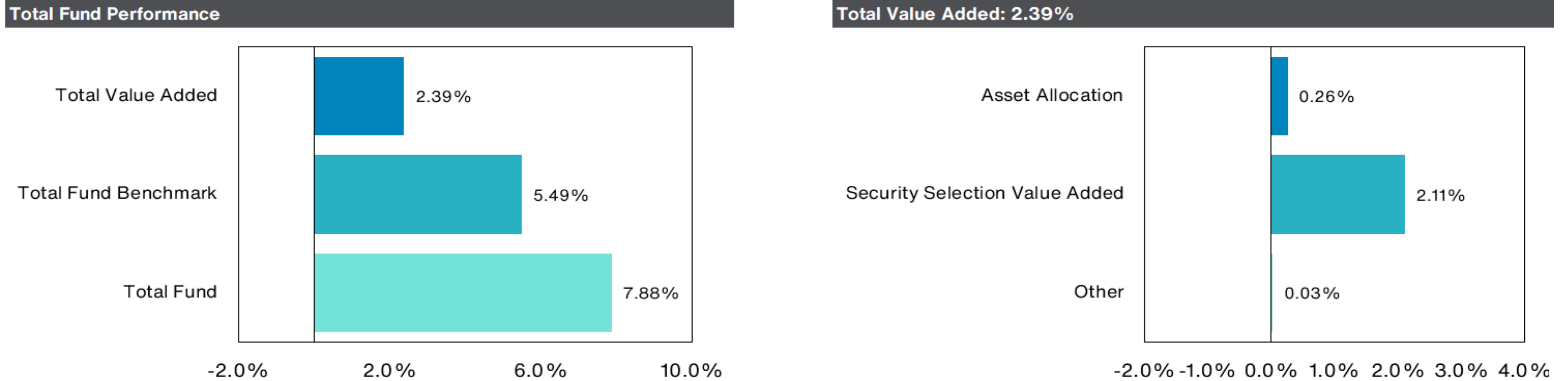
■ Asset Allocation Value Added

■ Security Selection Value Added

Note: Month-end market values for September, October, and November 2024 were adjusted to match the beginning market values reported by State Street on the first of the following month (October, November, and December, respectively). These adjustments were made to conform to the new asset allocation targets as outlined in the IPS that was approved in September 2024.

5. Total Fund Attribution – One Year Ending 12/31/2024

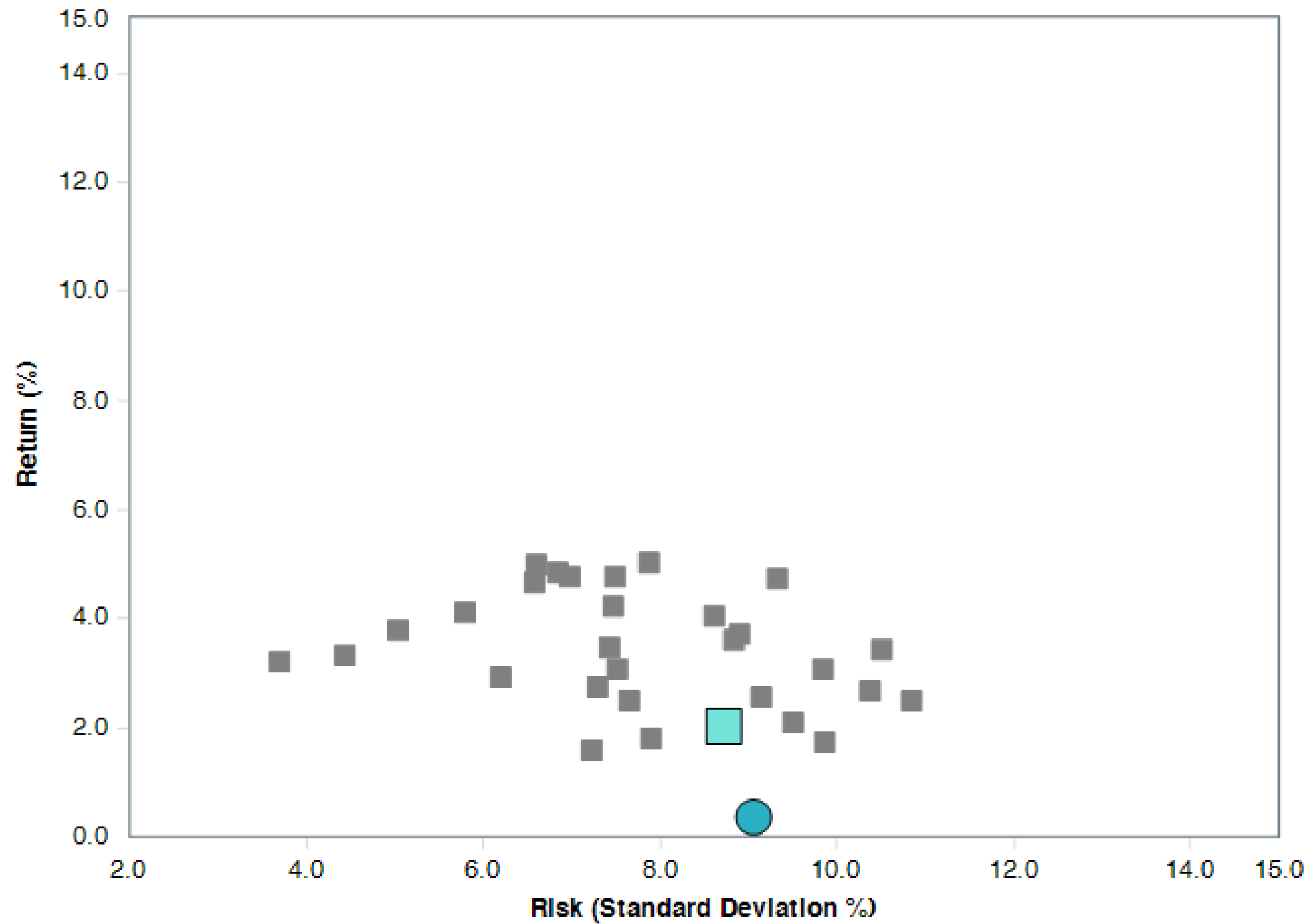
Total Fund vs. Total Fund Benchmark



Note: Month-end market values for September, October, and November 2024 were adjusted to match the beginning market values reported by State Street on the first of the following month (October, November, and December, respectively). These adjustments were made to conform to the new asset allocation targets as outlined in the IPS that was approved in September 2024.

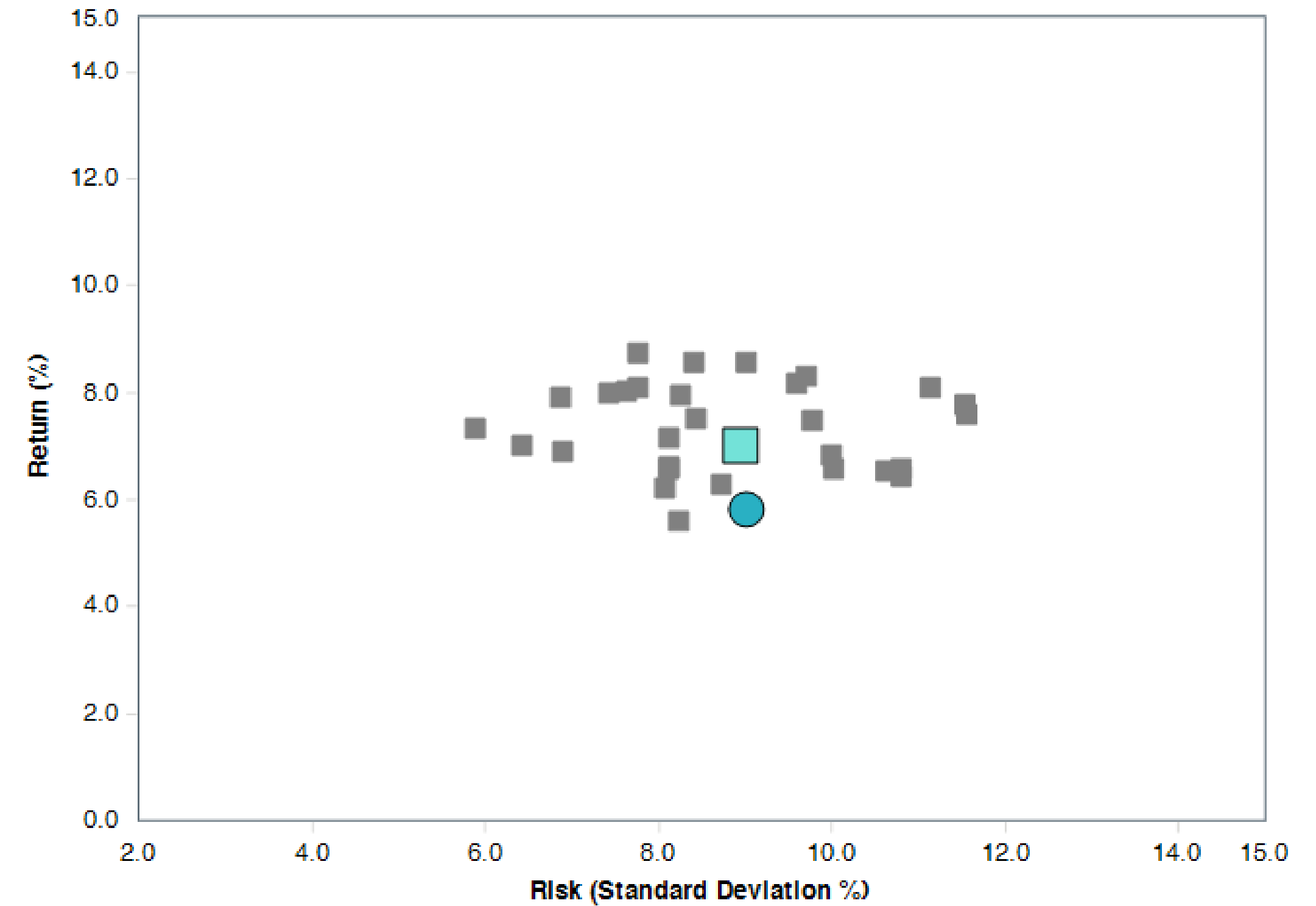
6. Risk Profile: Total Fund Risk-Return vs. Peers

Annualized Return vs. Annualized Standard Deviation 3 Years Ending December 31, 2024



| | Return | Standard Deviation |
|------------------------|--------|--------------------|
| ■ Total Fund | 2.0 | 8.7 |
| ● Total Fund Benchmark | 0.4 | 9.0 |
| — Median | 3.4 | 7.5 |

Annualized Return vs. Annualized Standard Deviation 5 Years Ending December 31, 2024

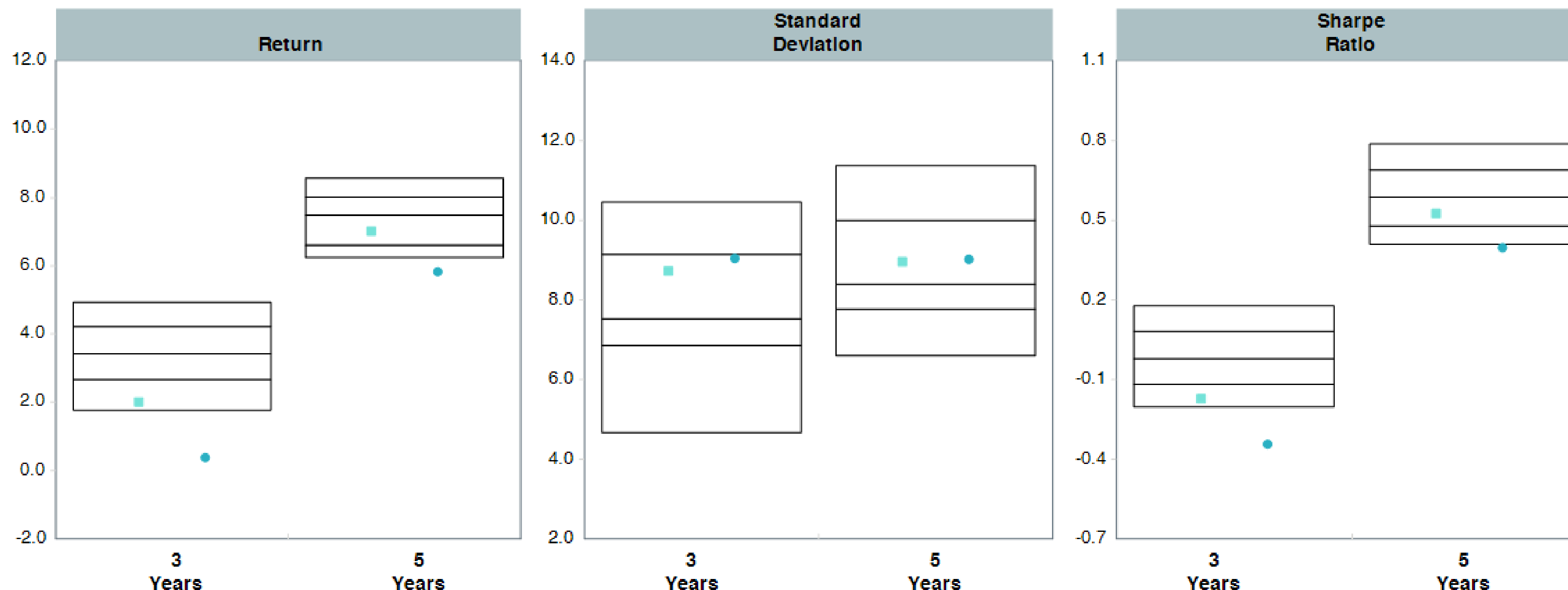


| | Return | Standard Deviation |
|------------------------|--------|--------------------|
| ■ Total Fund | 7.0 | 9.0 |
| ● Total Fund Benchmark | 5.8 | 9.0 |
| — Median | 7.5 | 8.4 |

Note: Public Plan peer group composed of 29 public funds, for 3- and 5-year periods, with total assets in excess of \$10B as of 12/31/2024. 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

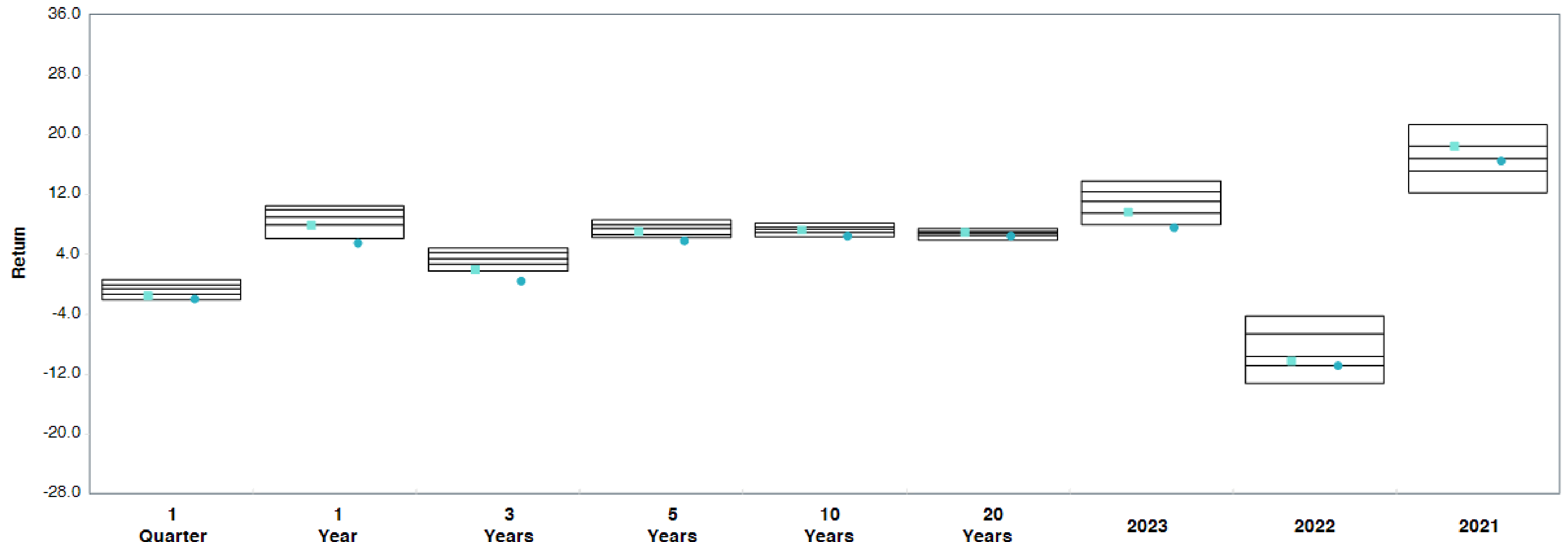
Total Fund vs. All Public Plans > \$10B



| | 3 Years | 5 Years | 3 Years | 5 Years | 3 Years | 5 Years |
|--|-----------|----------|----------|----------|------------|-----------|
| ■ Total Fund | 2.0 (91) | 7.0 (61) | 8.7 (34) | 9.0 (40) | -0.2 (93) | 0.5 (61) |
| ● Total Fund Benchmark | 0.4 (100) | 5.8 (99) | 9.0 (27) | 9.0 (40) | -0.3 (100) | 0.4 (100) |
| 5th Percentile | 4.9 | 8.6 | 10.5 | 11.4 | 0.2 | 0.8 |
| 1st Quartile | 4.2 | 8.0 | 9.1 | 10.0 | 0.1 | 0.7 |
| Median | 3.4 | 7.5 | 7.5 | 8.4 | 0.0 | 0.6 |
| 3rd Quartile | 2.7 | 6.6 | 6.9 | 7.8 | -0.1 | 0.5 |
| 95th Percentile | 1.8 | 6.2 | 4.7 | 6.6 | -0.2 | 0.4 |
| Population | 29 | 29 | 29 | 29 | 29 | 29 |

Parentheses contain percentile rankings.

6. TRS Performance vs. Peers (>\$10 Billion) as of 12/31/2024



| | 1 Quarter | 1 Year | 3 Years | 5 Years | 10 Years | 20 Years | 2023 | 2022 | 2021 |
|-----------------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-------------------|------------------|
| Total Fund | -1.5 (88) | 7.9 (80) | 2.0 (91) | 7.0 (61) | 7.3 (56) | 6.9 (39) | 9.7 (74) | -10.3 (60) | 18.5 (25) |
| Total Fund Benchmark | -2.0 (95) | 5.5 (100) | 0.4 (100) | 5.8 (99) | 6.5 (92) | 6.4 (85) | 7.6 (98) | -10.9 (75) | 16.5 (60) |
| 5th Percentile | 0.6 | 10.5 | 4.9 | 8.6 | 8.2 | 7.4 | 13.8 | -4.2 | 21.4 |
| 1st Quartile | -0.1 | 10.0 | 4.2 | 8.0 | 7.7 | 7.1 | 12.4 | -6.7 | 18.4 |
| Median | -0.6 | 9.0 | 3.4 | 7.5 | 7.4 | 6.9 | 11.1 | -9.6 | 16.8 |
| 3rd Quartile | -1.4 | 8.0 | 2.7 | 6.6 | 6.9 | 6.5 | 9.6 | -10.9 | 15.2 |
| 95th Percentile | -2.0 | 6.1 | 1.8 | 6.2 | 6.3 | 6.0 | 8.0 | -13.2 | 12.3 |
| Population | 30 | 30 | 29 | 29 | 27 | 25 | 62 | 63 | 75 |

Parentheses contain percentile rankings.

6. TRS Peer Ranking (>\$10 Billion) as of 12/31/2024



TRS' average 3-year peer ranking is in the 41st percentile

- TRS has ranked in the top half vs peers 61% of the time and in the top quartile 30% of the time

Since 2005, TRS has only ranked in the bottom quartile 4 times on a rolling 3-year basis

- All of which occurred in 2023-2024 as interest rates spiked post-COVID



7. IPS Stated Trust Return Objectives ending 12/31/2024

| | Five Year | Seven Year | Ten Year | Twenty Year |
|------------------------|-------------|-------------|-------------|-------------|
| Total Fund | 7.0 | 6.8 | 7.3 | 6.9 |
| Total Fund Benchmark | 5.8 | 6.0 | 6.5 | 6.4 |
| Difference | +1.2 | +0.8 | +0.8 | +0.5 |
| Total Fund | 7.0 | 6.8 | 7.3 | 6.9 |
| Assumed Rate of Return | 7.1 | 7.2 | 7.5 | 7.7 |
| Difference | -0.1 | -0.4 | -0.2 | -0.8 |
| Total Fund | 7.0 | 6.8 | 7.3 | 6.9 |
| CPI + 5% | 9.4 | 8.8 | 8.1 | 7.7 |
| Difference | -2.4 | -2.0 | -0.8 | -0.8 |

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 12/31/2024

| | Fourth Quarter | One Year | Three Year | Five Year | Ten Year |
|----------------------------------|----------------|-------------|-------------|-------------|-------------|
| Total Global Equity | -1.1 | 13.1 | 4.3 | 10.1 | 9.1 |
| Total Global Equity Benchmark | -1.3 | 11.9 | 4.1 | 10.1 | 9.3 |
| <i>Difference</i> | <i>+0.2</i> | <i>+1.2</i> | <i>+0.2</i> | <i>0.0</i> | <i>-0.2</i> |
| Total All Country | -0.6 | -- | -- | -- | -- |
| TRS All Country Benchmark | -1.0 | -- | -- | -- | -- |
| <i>Difference</i> | <i>+0.4</i> | <i>--</i> | <i>--</i> | <i>--</i> | <i>--</i> |
| Non-U.S. Developed | -7.2 | 7.2 | 2.6 | 5.8 | 5.7 |
| TRS Non-U.S. Developed Benchmark | -7.6 | 4.4 | 1.7 | 5.0 | 5.2 |
| <i>Difference</i> | <i>+0.4</i> | <i>+2.8</i> | <i>+0.9</i> | <i>+0.8</i> | <i>+0.5</i> |
| Emerging Markets | -7.6 | 5.8 | -1.6 | 2.7 | 4.4 |
| TRS Emerging Market Benchmark | -8.3 | 5.3 | -2.0 | 1.6 | 3.6 |
| <i>Difference</i> | <i>+0.7</i> | <i>+0.5</i> | <i>+0.4</i> | <i>+1.1</i> | <i>+0.8</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 12/31/2024 (cont'd)

| | Fourth Quarter | One Year | Three Year | Five Year | Ten Year |
|-----------------------------|----------------|-------------|-------------|-------------|-------------|
| Total Public Equity | -1.9 | 16.0 | 5.1 | 9.0 | 8.1 |
| Public Equity Benchmark | -2.3 | 14.2 | 4.2 | 8.6 | 8.2 |
| <i>Difference</i> | <i>+0.4</i> | <i>+1.2</i> | <i>+0.9</i> | <i>+0.4</i> | <i>-0.1</i> |
| Total Private Equity | 0.9 | 7.2 | 2.7 | 13.0 | 12.2 |
| Private Equity Benchmark | 1.2 | 7.1 | 4.0 | 13.7 | 12.3 |
| <i>Difference</i> | <i>-0.3</i> | <i>+0.1</i> | <i>-1.3</i> | <i>-0.7</i> | <i>-0.1</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.

9. Stable Value: Performance Summary Ending 12/31/2024

| | Fourth Quarter | One Year | Three Year | Five Year | Ten Year |
|-----------------------------------|----------------|-------------|--------------|-------------|-------------|
| Total Stable Value | -4.0 | -0.3 | -5.6 | -0.6 | 2.0 |
| Total Stable Value Benchmark | -4.8 | -1.9 | -7.7 | -2.3 | 0.7 |
| <i>Difference</i> | <i>+0.8</i> | <i>+1.6</i> | <i>+2.1</i> | <i>+1.7</i> | <i>+1.3</i> |
| Government Bonds – Nominal | -9.3 | -9.1 | -14.0 | -6.6 | -1.3 |
| Government Bonds Benchmark | -8.6 | -6.4 | -12.0 | -5.2 | -0.6 |
| <i>Difference</i> | <i>-0.7</i> | <i>-2.7</i> | <i>-2.0</i> | <i>-1.4</i> | <i>-0.7</i> |
| Government Bonds – Real | -3.1 | -- | -- | -- | -- |
| TIPS Benchmark | -2.9 | -- | -- | -- | -- |
| <i>Difference</i> | <i>-0.2</i> | | | | |
| Stable Value Hedge Funds | 2.4 | 10.5 | 8.3 | 8.6 | 6.5 |
| Hedge Funds Benchmark | 1.8 | 7.0 | 4.1 | 5.3 | 3.8 |
| <i>Difference</i> | <i>+0.6</i> | <i>+3.5</i> | <i>+4.2</i> | <i>+3.3</i> | <i>+2.7</i> |
| Absolute Return | 2.8 | 16.1 | 9.9 | 9.5 | 7.7 |
| Absolute Return Benchmark | 2.2 | 9.7 | 8.4 | 6.0 | 4.7 |
| <i>Difference</i> | <i>+0.6</i> | <i>+6.4</i> | <i>+1.5</i> | <i>+3.5</i> | <i>+3.0</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.

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

10. Real Return: Performance Summary Ending 12/31/2024

| | Fourth Quarter | One Year | Three Year | Five Year | Ten Year |
|--|----------------|--------------|--------------|-------------|-------------|
| Total Real Return | 1.1 | 1.6 | 5.5 | 7.3 | 7.7 |
| Real Return Benchmark | 0.6 | -3.5 | 2.2 | 4.0 | 5.0 |
| <i>Difference</i> | <i>+0.5</i> | <i>+5.1</i> | <i>+3.3</i> | <i>+3.3</i> | <i>+2.7</i> |
| Real Estate | 0.2 | -3.3 | 2.2 | 6.1 | 8.6 |
| Real Estate Benchmark | 0.0 | -8.0 | -1.0 | 2.1 | 5.2 |
| <i>Difference</i> | <i>+0.2</i> | <i>+4.7</i> | <i>+3.2</i> | <i>+4.0</i> | <i>+3.4</i> |
| Energy, Natural Resources, and Infrastructure | 3.2 | 13.6 | 13.7 | 10.0 | -- |
| Energy and Natural Res. Benchmark | 1.7 | 6.8 | 10.0 | 8.6 | -- |
| <i>Difference</i> | <i>+1.5</i> | <i>+6.8</i> | <i>+3.7</i> | <i>+1.4</i> | |
| Commodities | -10.2 | -22.9 | -5.2 | 2.1 | -1.8 |
| Commodities Benchmark | 3.8 | 9.2 | 9.6 | 7.1 | 1.2 |
| <i>Difference</i> | <i>-14.0</i> | <i>-32.1</i> | <i>-14.8</i> | <i>-5.0</i> | <i>-3.0</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.

11. Risk Parity: Performance Summary Ending 12/30/2024

| | Fourth Quarter | One Year | Three Year | Five Year | Ten Year |
|--------------------------|----------------|------------|-------------|------------|-------------|
| Total Risk Parity | -5.6 | 5.2 | -3.2 | 0.8 | 3.9 |
| Risk Parity Benchmark | -5.5 | 5.2 | -5.0 | 0.8 | 3.5 |
| <i>Difference</i> | <i>-0.1</i> | <i>0.0</i> | <i>+1.8</i> | <i>0.0</i> | <i>+0.4</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.

12. Cash Equivalents: Performance Summary Ending 12/31/2024

| | Fourth Quarter | One Year | Three Year | Five Year | Ten Year |
|-------------------|----------------|-------------|-------------|-------------|-------------|
| Cash Equivalents | 1.2 | 6.0 | 5.1 | 3.3 | 2.6 |
| Cash Benchmark | 1.2 | 5.4 | 4.1 | 2.5 | 1.8 |
| <i>Difference</i> | <i>0.0</i> | <i>+0.6</i> | <i>+1.0</i> | <i>+0.8</i> | <i>+0.8</i> |

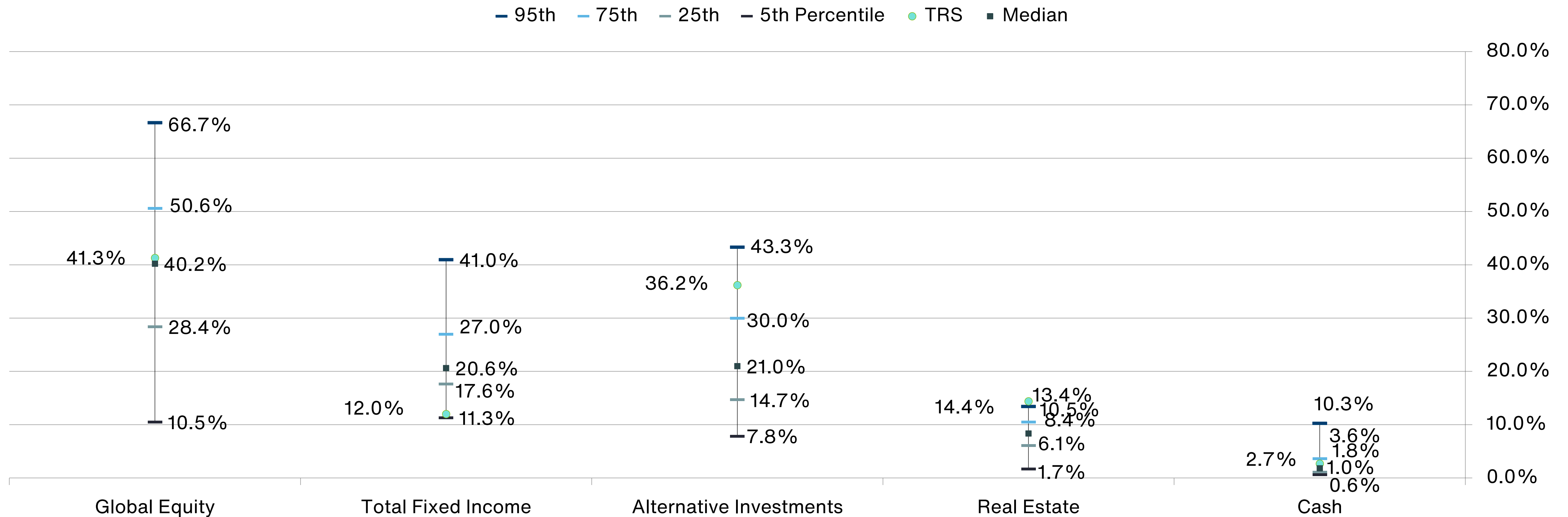
Note: The excess returns shown in this presentation may differ from State Street statements due entirely to rounding. These differences are generally within a few basis points and are not material.

Appendix – Supplemental Reporting



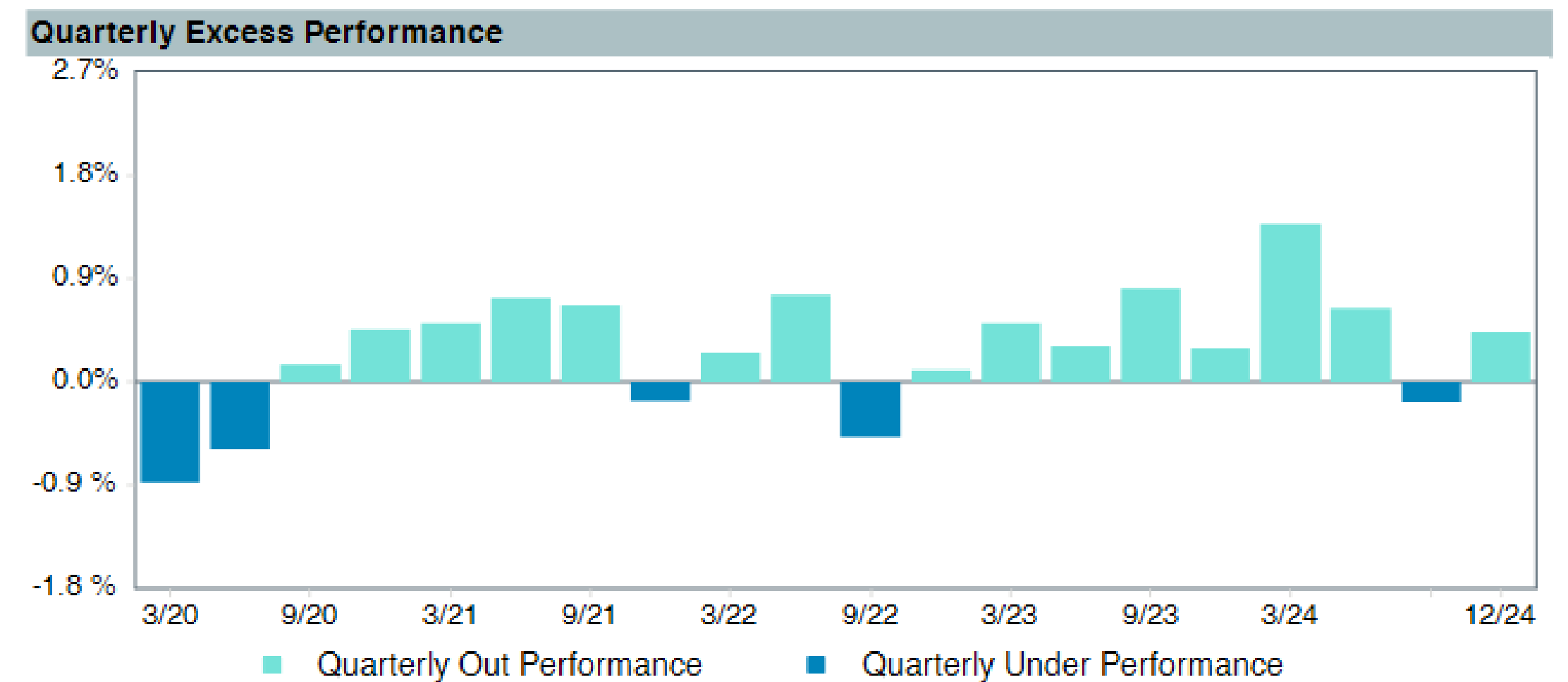
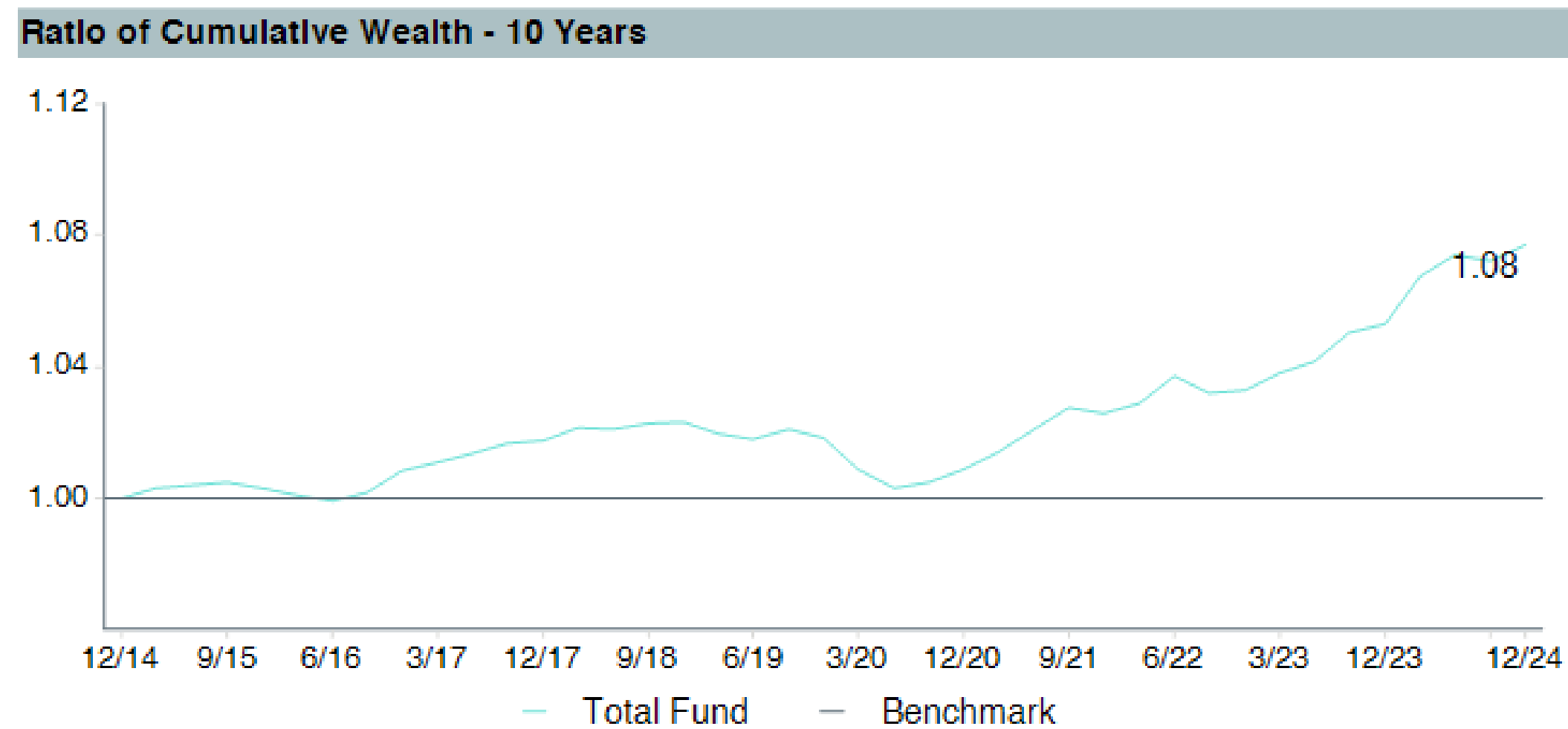
TRS Commitment Levels vs. Peers (>\$10 Billion) as of 12/31/2024

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



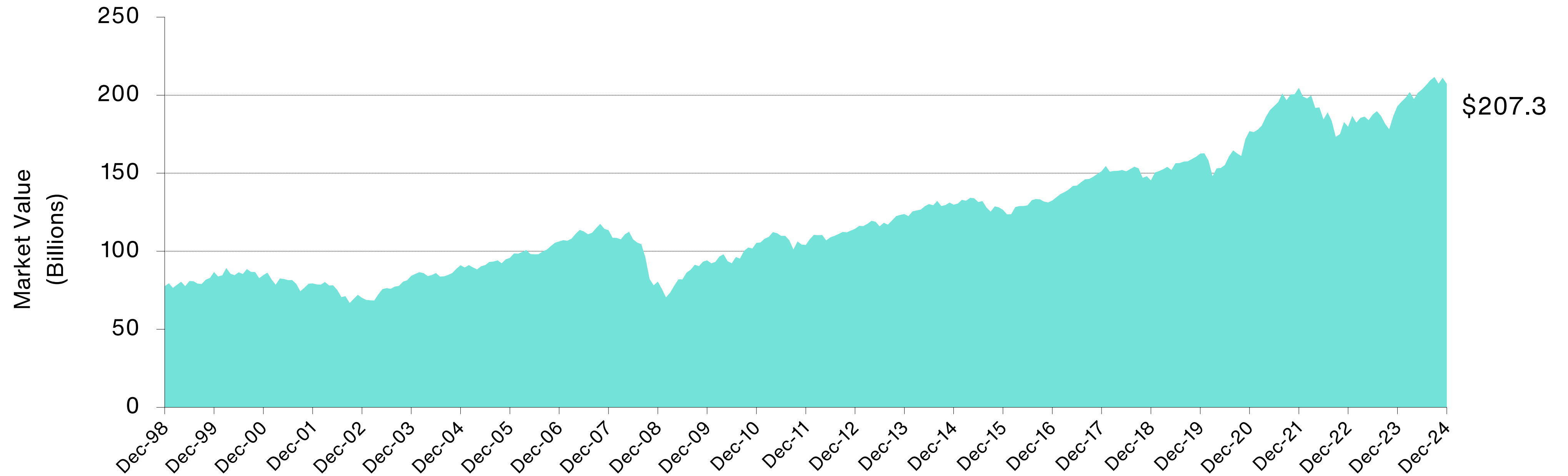
Historical Excess Performance Ending 12/31/2024

Total Fund vs. Total Fund Benchmark



TRS Asset Growth

Total Fund Historical Growth (December 1997 - December 2024)



External Manager Program: Public Equity Performance as of 12/31/2024

| | Allocation (\$ in billions) | Fourth Quarter | One Year | Three Year | Five Year |
|------------------------------------|--------------------------------|-------------------|--------------|-------------|-------------|
| EP Total Global Equity | \$38.3 | 0.3 | 18.9 | 6.4 | 11.0 |
| EP Global Equity Benchmark | -- | -1.1 | 15.9 | 4.7 | 9.2 |
| <i>Difference</i> | -- | +1.4 | +3.0 | +1.7 | +1.8 |
| EP All Country | \$26.7 | 1.4 | 24.2 | 9.9 | 14.1 |
| EP All Country Benchmark | -- | -1.0 | 16.9 | 5.4 | 10.3 |
| <i>Difference</i> | -- | +2.4 | +7.3 | +4.5 | +3.8 |
| EP U.S.A. | \$8.8 | 1.9 | 21.1 | 8.0 | 14.2 |
| EP U.S.A. Benchmark | -- | 2.6 | 23.8 | 8.0 | 14.0 |
| <i>Difference</i> | -- | -0.7 | -2.7 | 0.0 | +0.2 |
| EP Non-U.S. Developed | \$2.8 | -8.5 | 8.1 | 3.3 | 7.3 |
| MSCI EAFE + Canada Policy Index | -- | -7.6 | 4.4 | 1.7 | 5.0 |
| <i>Difference</i> | -- | -0.9 | +3.7 | +1.6 | +2.4 |
| EP Emerging Markets | \$0.4 | -29.0 | -19.0 | -9.8 | -1.5 |
| MSCI Emerging Markets Policy Index | -- | -8.3 | 5.3 | -2.0 | 1.6 |
| <i>Difference</i> | -- | -20.7 | -24.3 | -7.8 | -3.1 |



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.

External Manager Program: Stable Value/Total Program Performance as of 12/31/2024

| | Allocation (\$ in billions) | Fourth Quarter | One Year | Three Year |
|--------------------------------------|--------------------------------|-------------------|-------------|------------|
| EP Total Stable Value | \$11.1 | 2.4 | 10.5 | 8.3 |
| EP Stable Value Benchmark | -- | 1.8 | 7.0 | 4.1 |
| <i>Difference</i> | -- | +0.6 | +3.5 | +4.2 |
| Total External Public Program | \$55.3 | 0.4 | 15.9 | 6.0 |
| EP External Public Benchmark | -- | -0.7 | 13.4 | 4.1 |
| <i>Difference</i> | -- | +1.1 | +2.5 | +1.9 |

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 12/31/2024

| | Allocation (\$ in billions) | Fourth Quarter | One Year | Three Year |
|-------------------------------------|--------------------------------|-------------------|-------------|-------------|
| Public Strategic Partnership | \$5.9 | -2.7 | 9.1 | 0.0 |
| Public SPN Benchmark | -- | -2.2 | 10.0 | 0.1 |
| <i>Difference</i> | -- | -0.5 | -0.9 | -0.1 |
| BlackRock | \$3.0 | -2.3 | 11.7 | 1.7 |
| JP Morgan | \$2.9 | -3.0 | 8.2 | -0.8 |

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 – 37.0% MSCI ACWI IMI ex CN ex HK, 4.7% MSCI EAFE plus Canada IMI ex HK, 1.0% MSCI Emerging Markets Index, 15.8% Customized State Street Private Equity Index (1 quarter lagged), 9.5% Blmbg. Long Term Treasury Index, 5.7% U.S. TIPS Daily, 4.7% SOFR + 2.5%, 2.0% Citigroup 3 Mo. T-Bill Index, 14.1% NCREIF ODCE Index (1 quarter lagged), 6.8% Energy and Natural Resources Benchmark, 4.7% Risk Parity Benchmark, and -6.0% Asset Allocation Leverage Benchmark.

Global Equity Benchmark – 63.2% MSCI ACWI IMI ex CN ex HK, 8.0% MSCI EAFE plus Canada IMI ex HK, 1.7% MSCI Emerging Markets Index, and 27.0% State Street Private Equity Index (1 quarter lagged)

- TRS All Country Benchmark – MSCI ACWI IMI ex CN ex HK
- Emerging Markets Equity Benchmark – MSCI Emerging Markets Index
- Non-US Developed Equity Benchmark– MSCI EAFE + Canada IMI ex HK
- Private Equity Benchmark – Customized State Street Private Equity Index (1 quarter lagged)*

**Effective September 2024, the SSPEI Index is modified to match the vintage year exposures of the PE portfolio and remove funds \$1 billion or less in size*

Benchmarks (cont'd)

Stable Value Benchmark – 47.7% Blmbg. Long Term Treasury Index, 28.6%, U.S. TIPS Daily, and 23.6% SOFR + 2.5%

- Government Bonds Nominal – Bloomberg Long Term Treasury Index
- Government Bonds Real – TIPS Benchmark
- Stable Value Hedge Funds – SOFR + 2.5%
- 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

Asset Allocation Leverage Benchmark – SOFR + Fallback Rate

Description of Performance Attribution

- 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 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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Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

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Investment Risk Report

James Nield, Chief Risk Officer
Stephen Kim, Director

April 2025

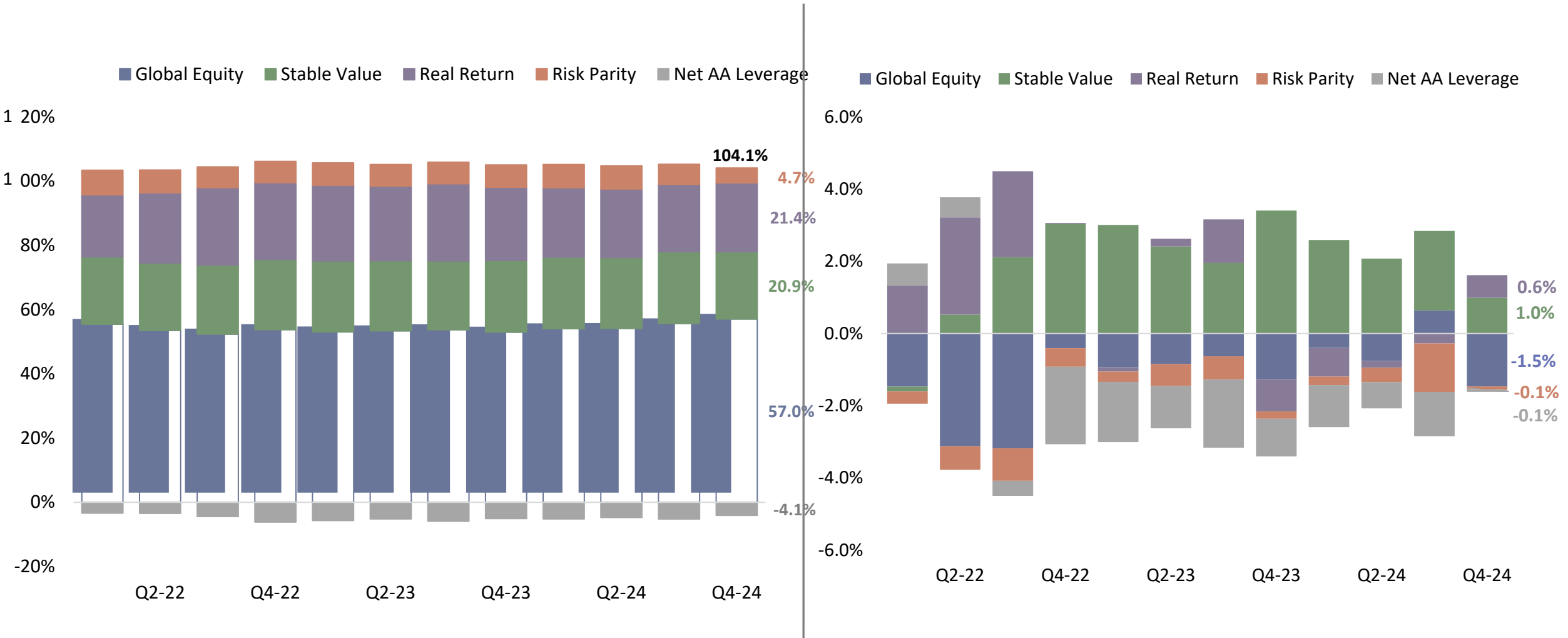


All Metrics in Compliance

| <u>Risk Metric</u> | <u>Value</u> | <u>In Compliance?</u> | <u>Page(s)</u> |
|---|---------------------|-----------------------|----------------|
| 1. Asset Allocation (AA): Overweight Stable Value | Overweight 1.0% | ✓ | 3 - 5 |
| 2. Drawdown Risk: VaR estimate decreased | 6.3% VaR | ✓ | 6 - 8 |
| 3. Tracking Error (TE): Public TE range bound | 156 bp Realized | ✓ | 9 |
| 4. Liquidity: Remained strong | 5.7x Coverage Ratio | ✓ | 10 |
| 5. Leverage: Trust gross leverage increased slightly | 30.4% Gross | ✓ | 11 - 12 |
| 6. Derivatives: Net notional exposure stable | 12.7% Net Notional | ✓ | 12 |
| 7. Counterparty Risk: Within Policy limits | Lowest Rating: A- | ✓ | 13 |
| 8. Securities Lending: Earnings stable | 17.8% Utilization | ✓ | 14 |

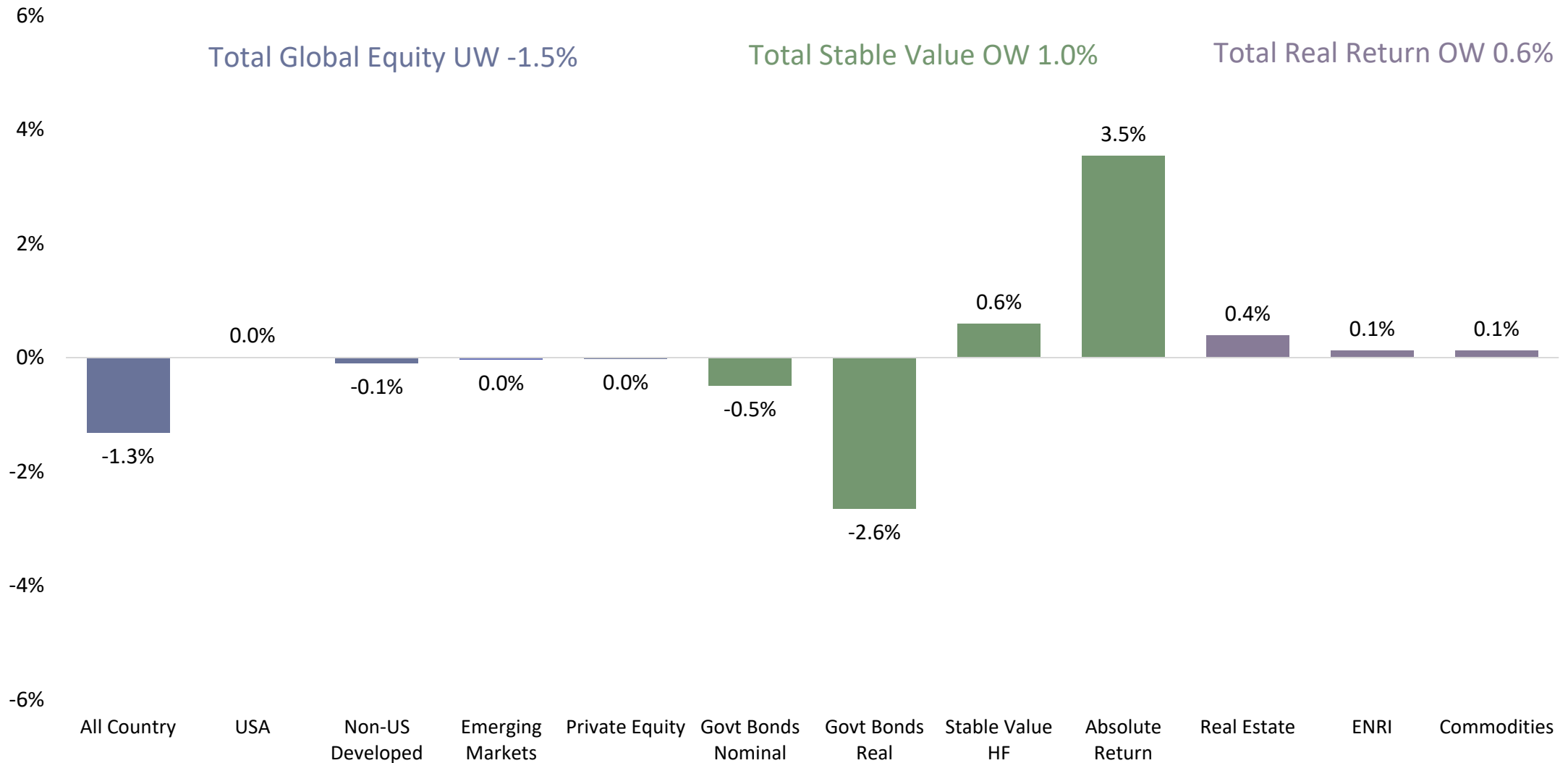
Unless otherwise noted, data presented as of December 31, 2024

Trust Investment Exposure on Target following SAA Transition



Source: State Street Bank; note: Net AA leverage is -4.1%, which indicates the Trust is levered by 4.1%. Relative positions shown in comparison to quarter-end Trust benchmark weights as defined in policy.

Stable Value Overweight Offset by Global Equity Underweight



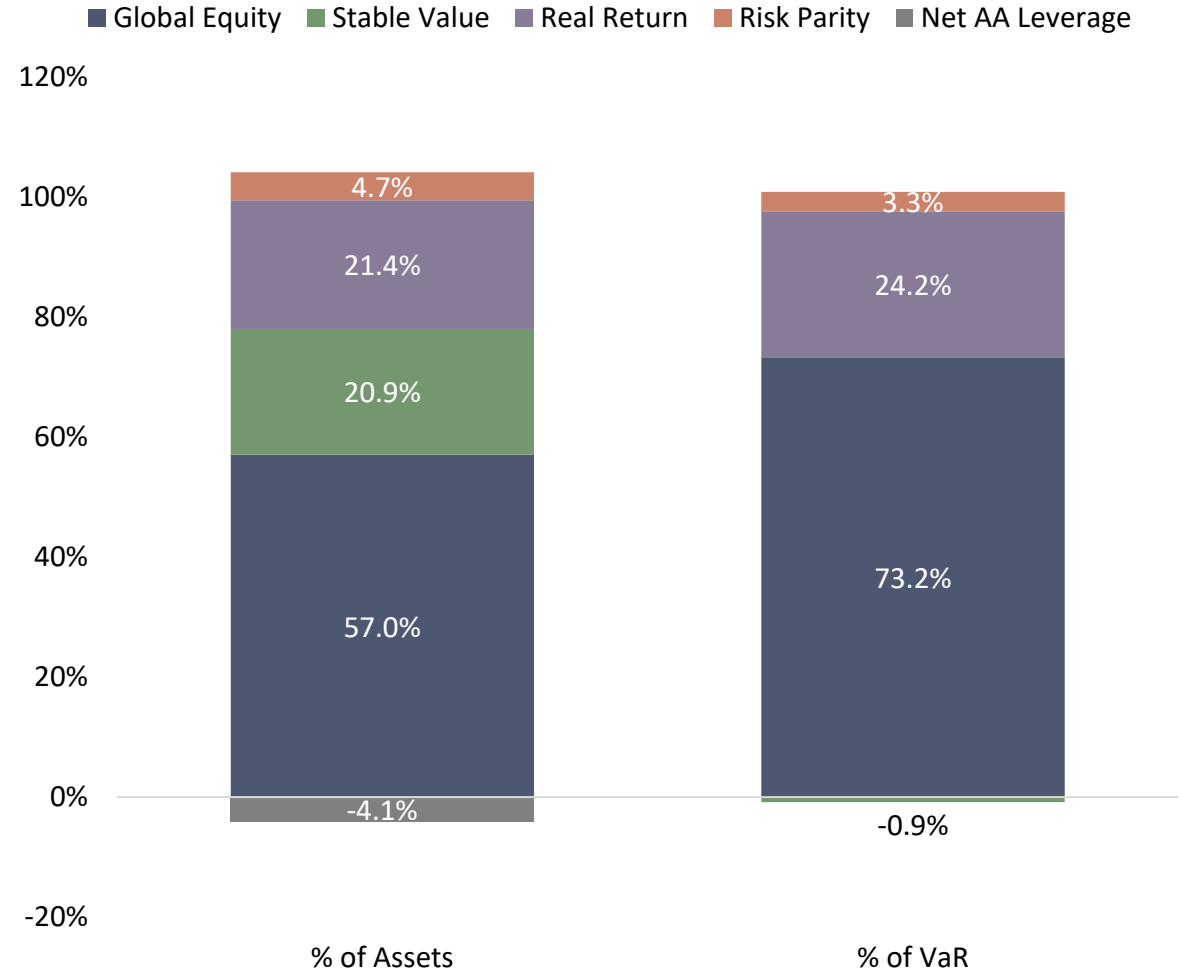
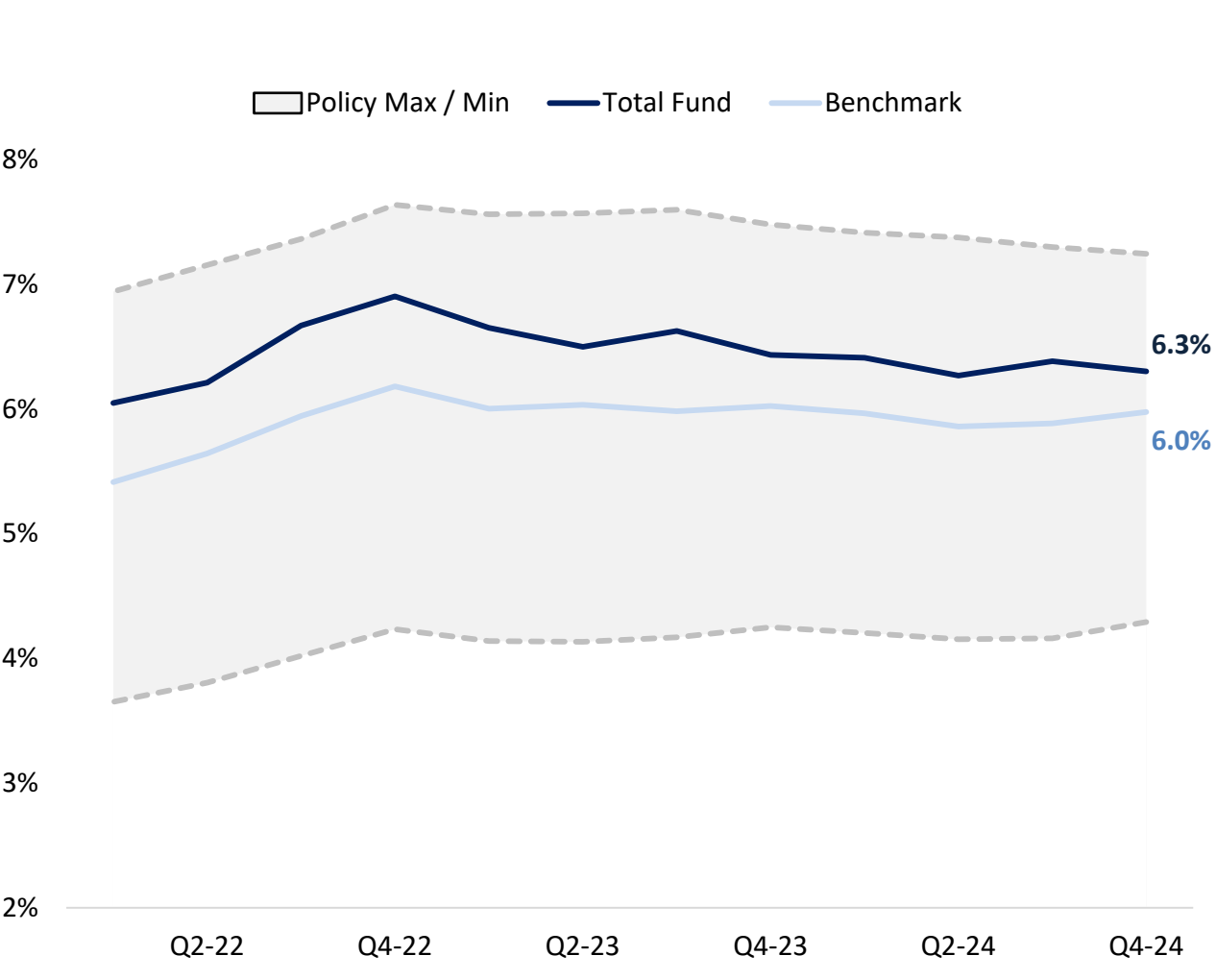
Relative Positions Steady Throughout the SAA Transition

Beginning of Month Relative Positions

■ Oct ■ Nov ■ Dec



Global Equity VaR Contribution Larger due to SAA changes



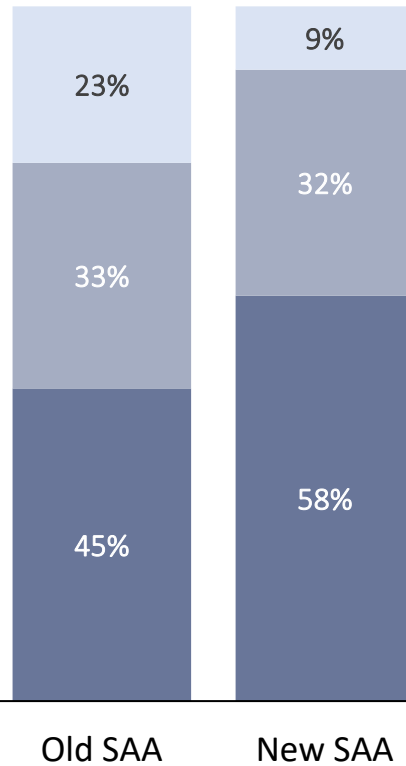
Source: State Street Bank. VaR Contribution from derivatives was 0.7%

Public Equity Benchmark more US-centric and diversified across names

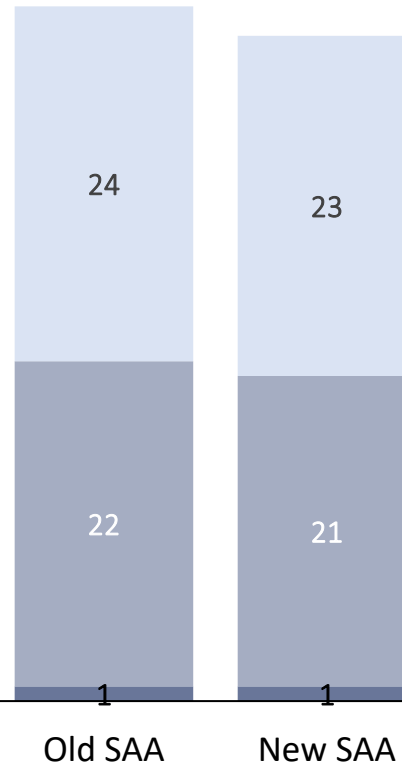
Policy Global Public Equity Composition

■ USA ■ EAFE ■ EM

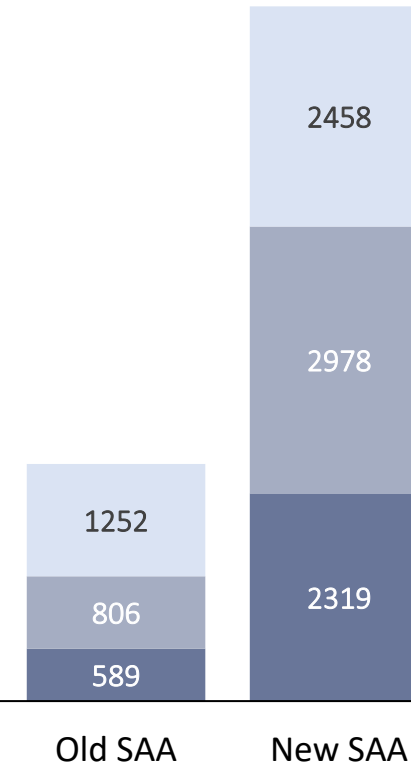
1. Reallocated to All Country
(Regional Allocation)



2. Removed China / Hong Kong
(Country Count)

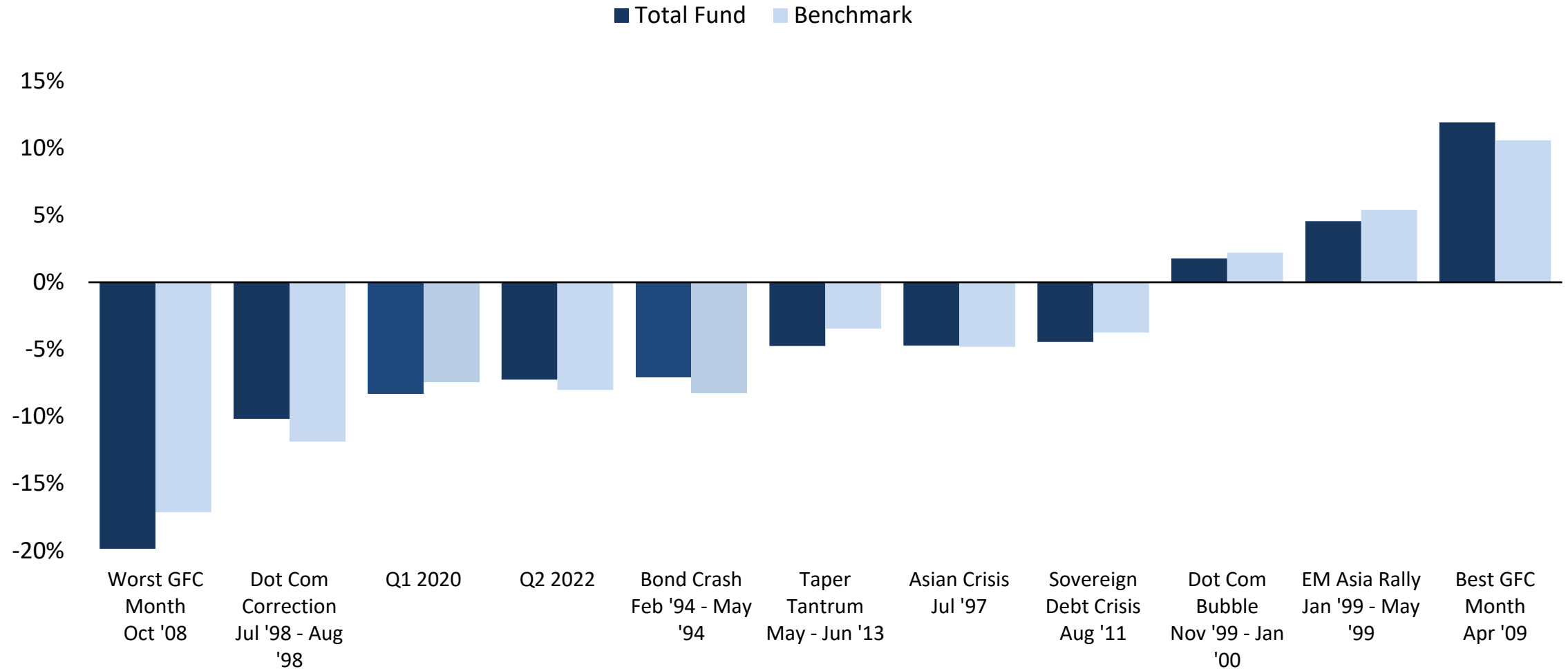


3. Added IMI -- Small Cap
(Company Count)



Source: FactSet /MSCI; note: weights for both benchmarks are as of December 31st, 2024

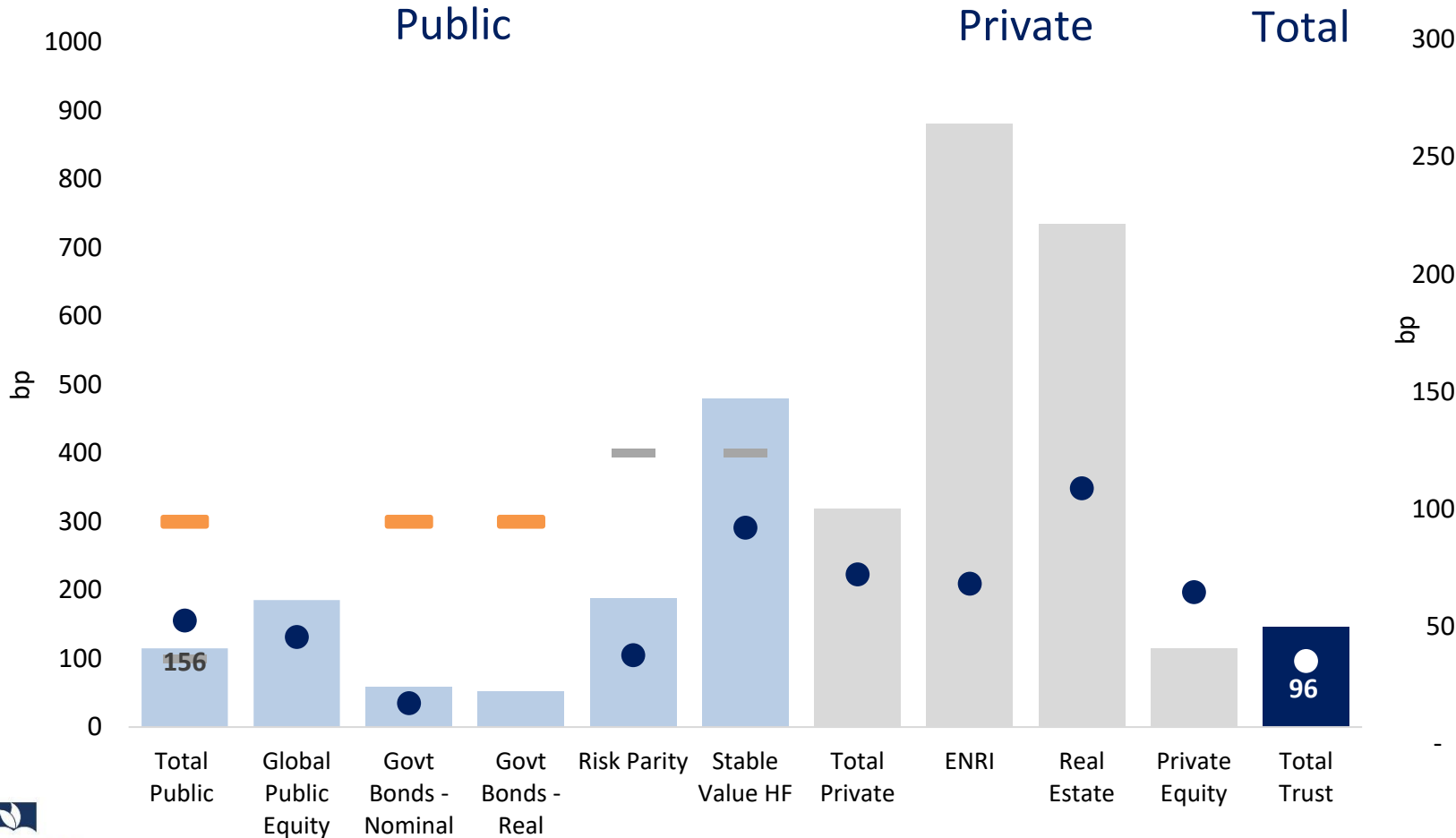
Predicted Trust Drawdowns in Line with Benchmark



Realized Tracking Error Near Historical Norms

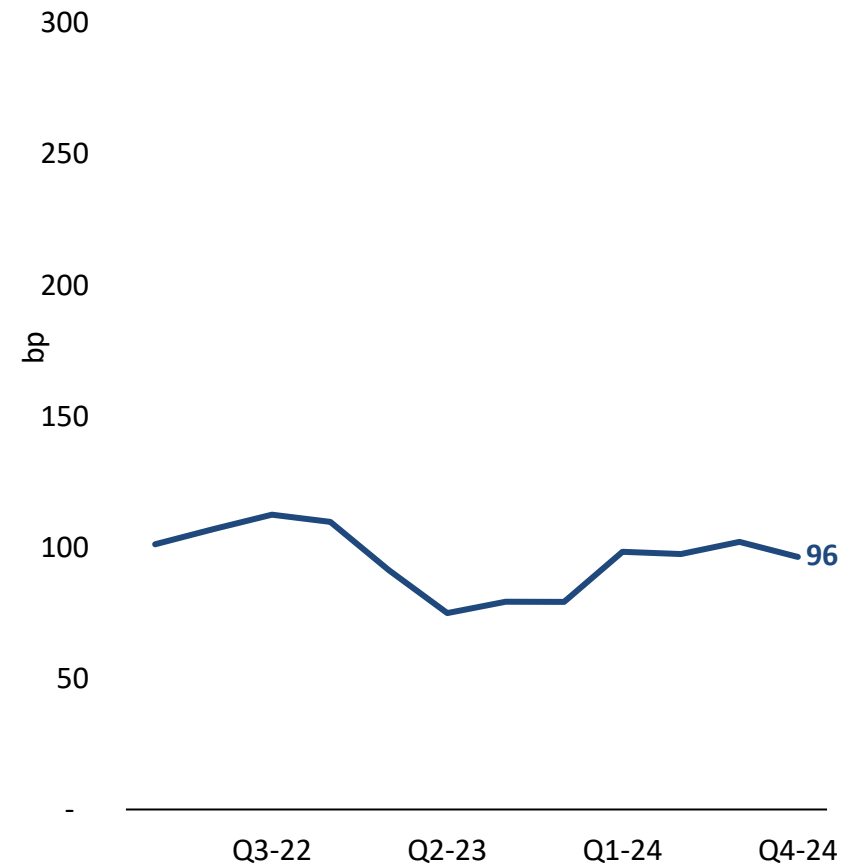
Asset Class Tracking Error

■ Current Forecast TE ● 3-Year Realized TE ■ Policy Maximum — Policy Neutral



Historical Trust TE

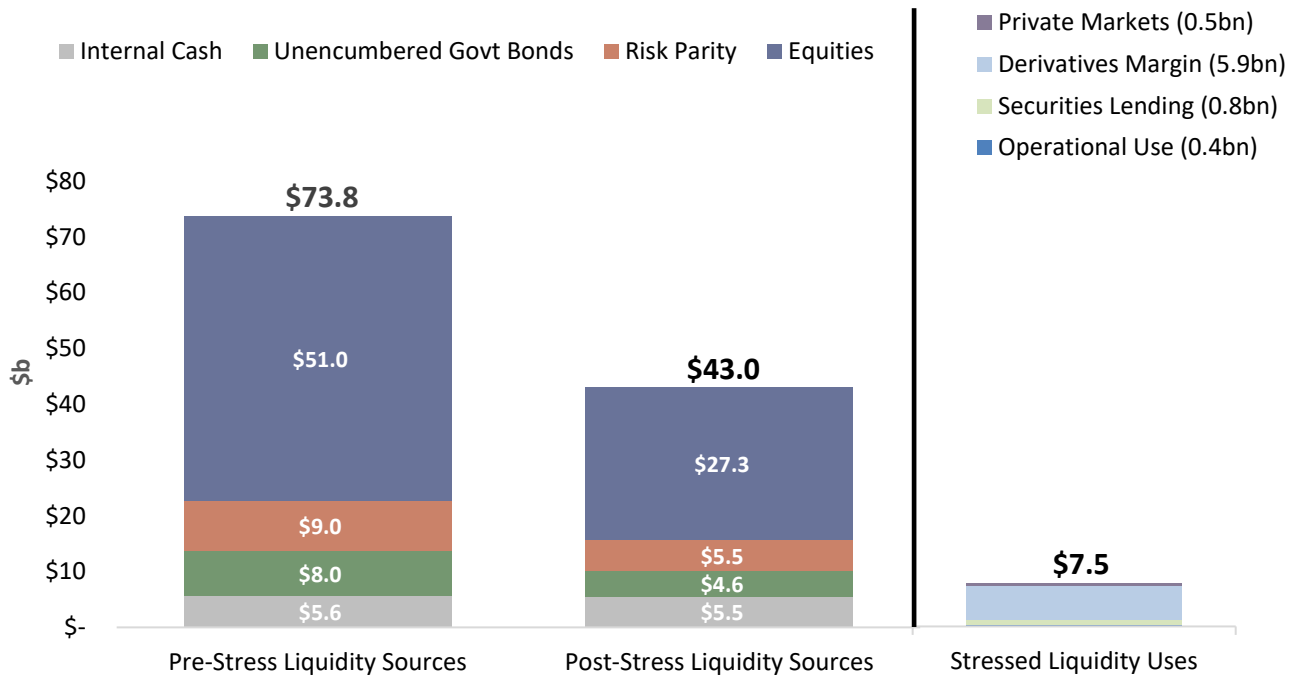
— 3-Year Realized Total Trust TE



Source: State Street Bank; note: current forecast tracking error uses past experiences from January 1, 2008 to December 31, 2024 and therefore includes the effects of the Global Financial Crisis; Non-US Developed had tracking error of 153 bp realized, 209 bp forecasted with a policy neutral of 300. Emerging Markets had tracking error of 239 bp realized, 153 bp forecasted with a policy neutral of 300. All Country had 159 bp forecasted with a policy neutral of 300. USA has a policy neutral TE target of 300bp but is not reported above due to its immaterial NAV balance. Govt Bonds - Real and All Country realized tracking error will be reported once 36 months of history is accumulated.

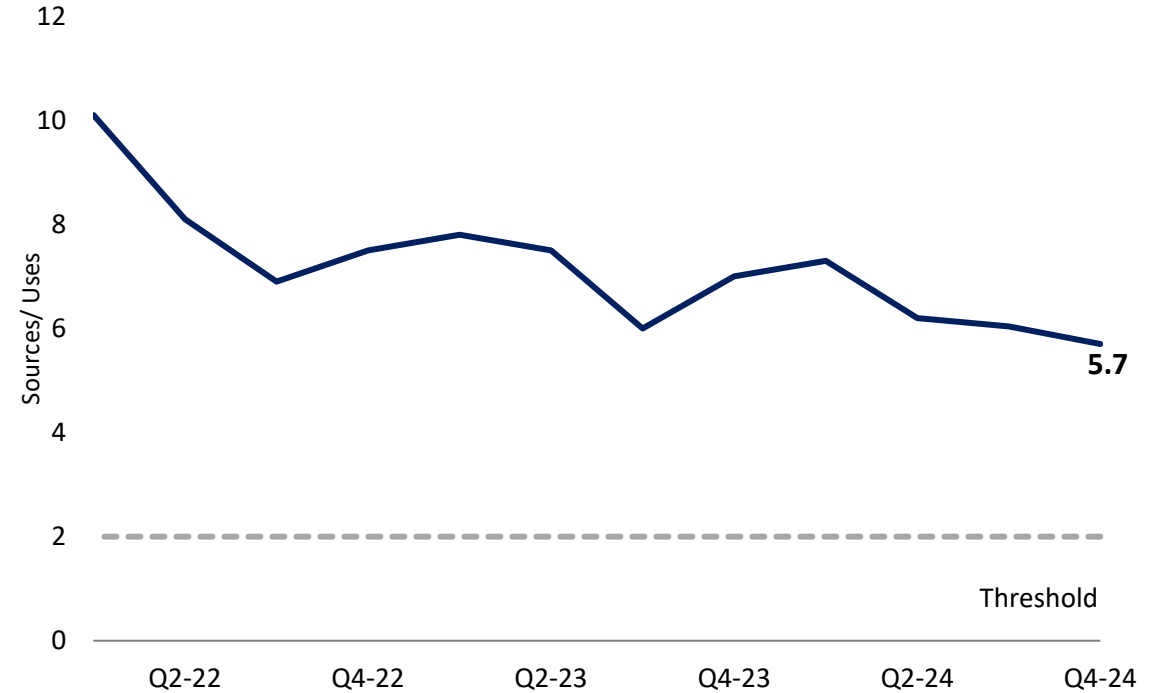
Trust Monthly Liquidity Ratio Remained Strong

Liquidity Sources and Uses



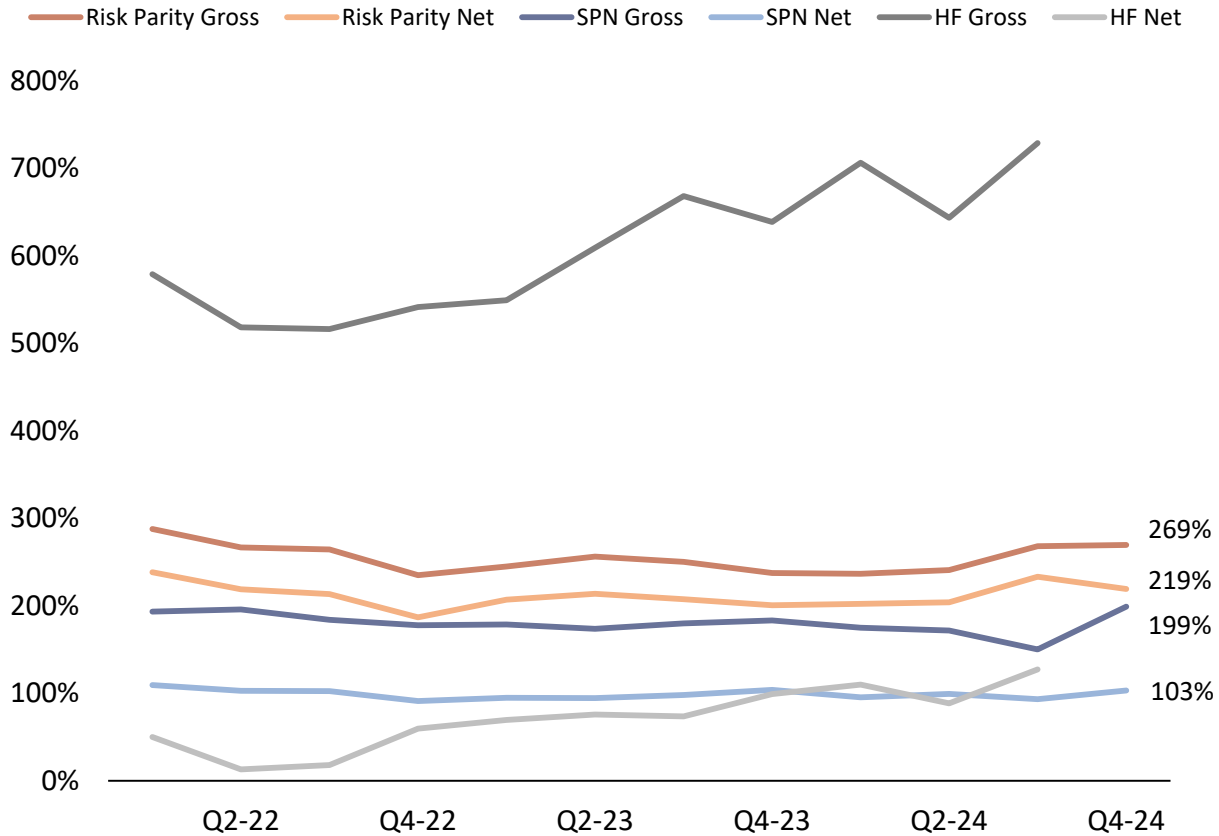
Sources (\$43.0) / Uses (\$7.5) = Liquidity Ratio (5.7)

Liquidity Ratio

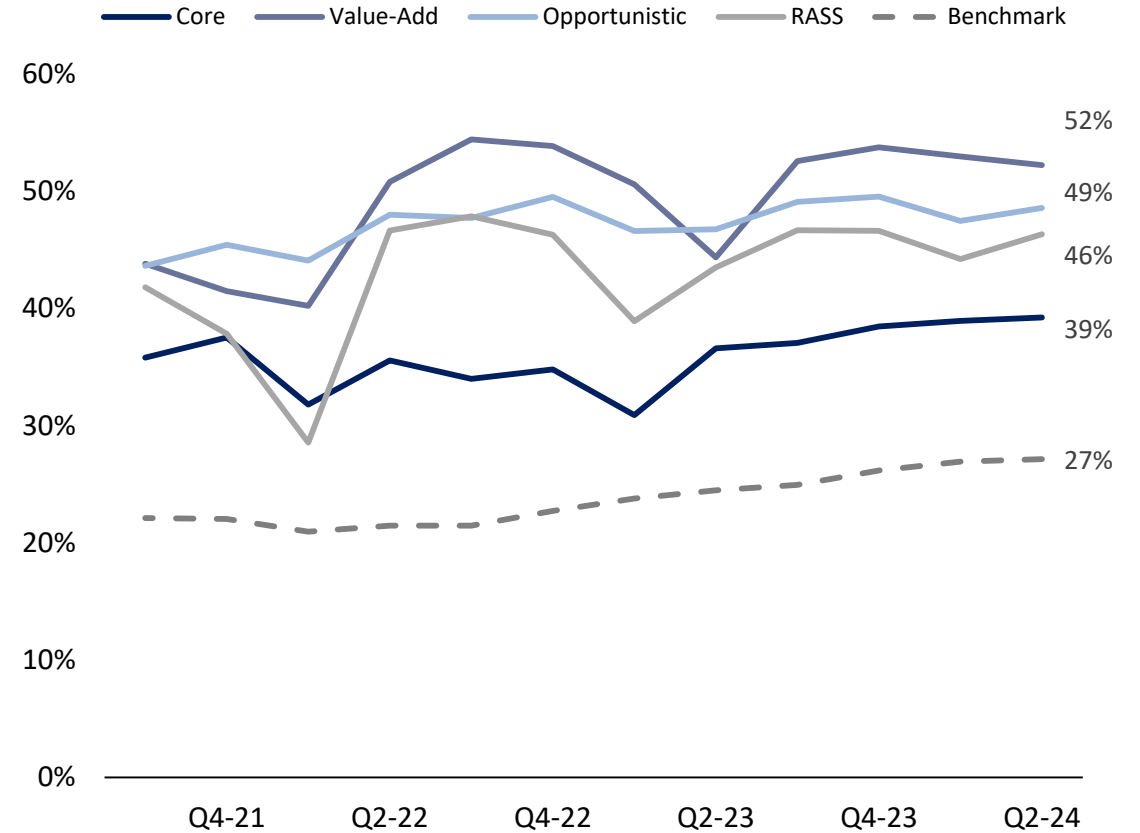


Hedge Fund Leverage Increased

Risk Parity, Public Strategic Partners, Hedge Funds



Real Estate Loan to Value

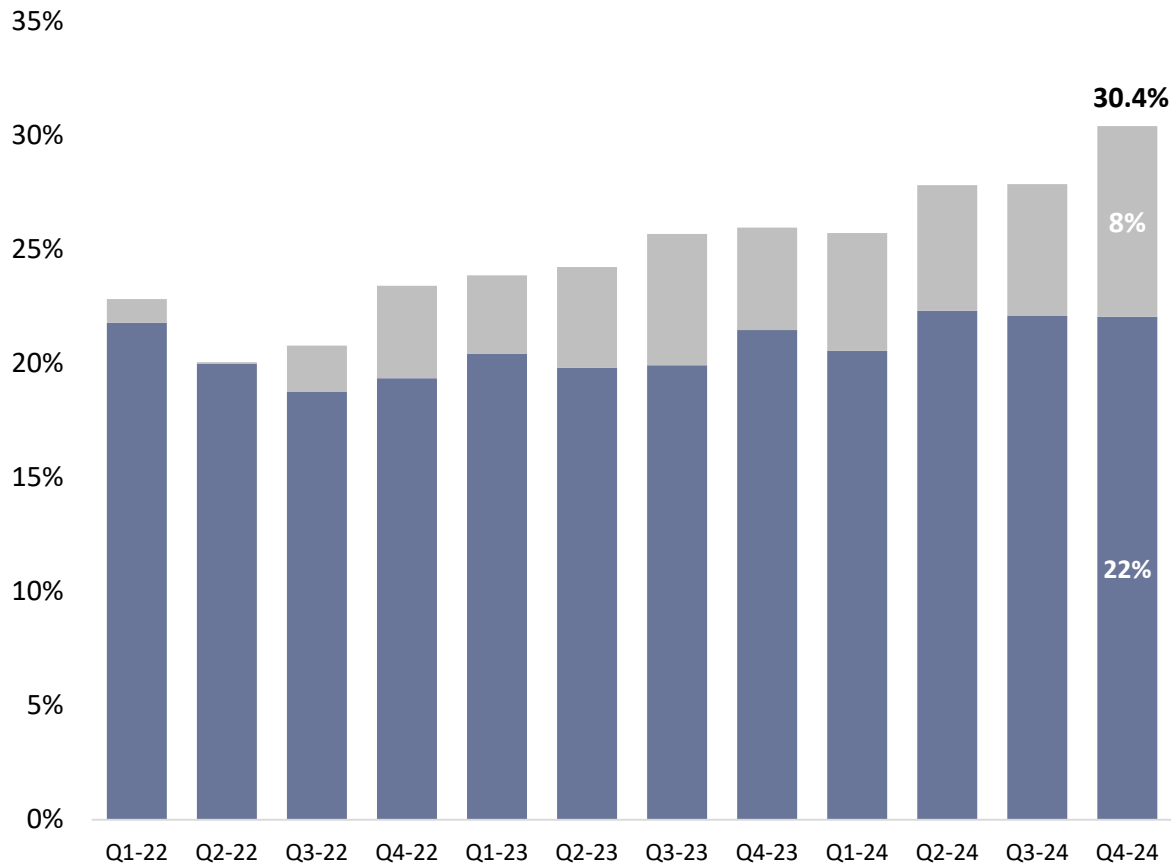


Source: MSCI RiskMetrics, State Street Bank, TRS RE manager data, NCREIF; note: Directional Hedge Fund overlay program includes one non-Hedge Fund. HF leverage is reported on a quarter lag; DHF overlay was 83.3% on a total program size of 12.8bn ; Total Real Estate Loan to Value was 47% as of June 30, 2024 ; Real Estate Loan-to-Values are estimates based on self-reported manager data

Gross Notional from Derivatives Remained Constant

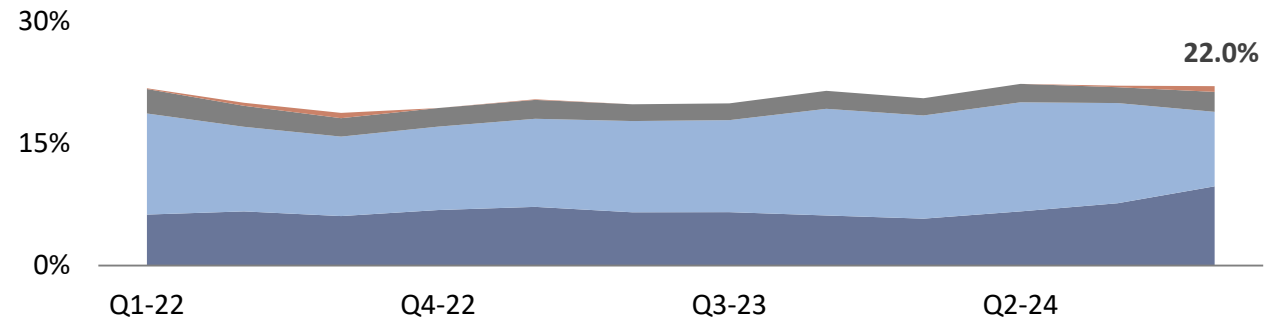
Total Trust Gross Leverage

■ Gross Derivatives ■ Other



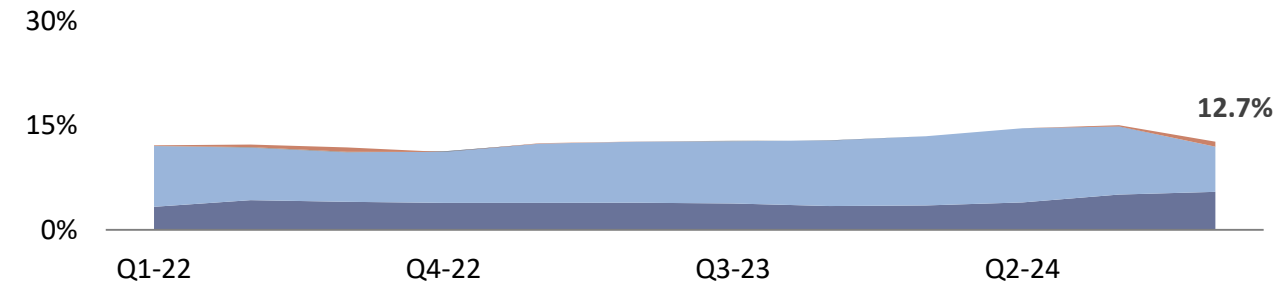
Gross Derivative Notional by Instrument (% of Total Trust)

■ Swaps ■ Futures ■ Forwards ■ Options



Net Derivative Notional by Instrument (% of Total Trust)

■ Swaps ■ Futures ■ Forwards ■ Options



Other sources of gross leverage include the absolute value of short positions and any payables/receivables.

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In conclusion...

- Trust investment exposure in line with policy target
- Overweight to Absolute Return offset by underweight to Nominal Bonds and All Country
- Global Equity now a larger percentage of Trust but diversified
- Trust liquidity remains strong

Annual Review of Public Markets

Dale West, Senior Managing Director, Public Markets
Kyle Wynne, Managing Director, Quantitative Equity Group
Lulu Llano, Director, External Public Markets

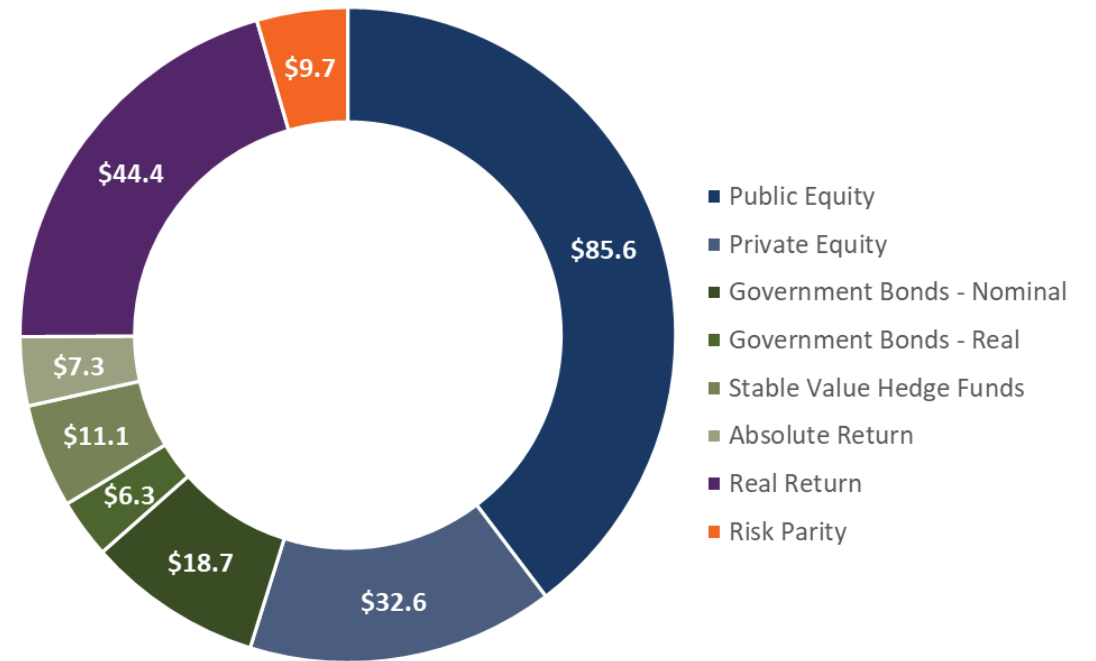
April 2025



Agenda

- I. Public Equity
- II. Stable Value Hedge Fund
- III. Absolute Return

**TOTAL TRUST as of
December 31, 2024**



| | |
|---------------------------|------------------------|
| Trust Investment Exposure | \$215.7 |
| Asset Allocation Leverage | (\$8.4) |
| Total Trust | \$207.3 billion |

Public Markets Overview

External Public Markets (EPU)

No. of People: 12

AUM: \$55.3B

Mission: Identify and invest with external managers to access strategies which complement internal TRS capabilities. Mandates include equity funds, hedge funds and Strategic Partnerships.

Quantitative Equity Group (QEG)

No. of People: 18

AUM: \$24.9B

Mission: Create value managing equities, using quantitative analysis to systematically identify and capitalize on opportunities, while maintaining a disciplined and risk managed approach.
Provide timely, high quality quantitative analysis to enhance investment understanding and decisions across Public Markets.

Internal Fundamental (IFM)

No. of People: 22

AUM: \$11.5B

Mission: Develop and invest across a collection of boutique strategies implemented by internal teams using predominantly fundamental research.

Special Opportunities (SO)

No. of People: 6

AUM: \$7.4B

Mission: Capture unique and niche investments for the Trust. Investments are predominantly public market co investments and illiquid credit.

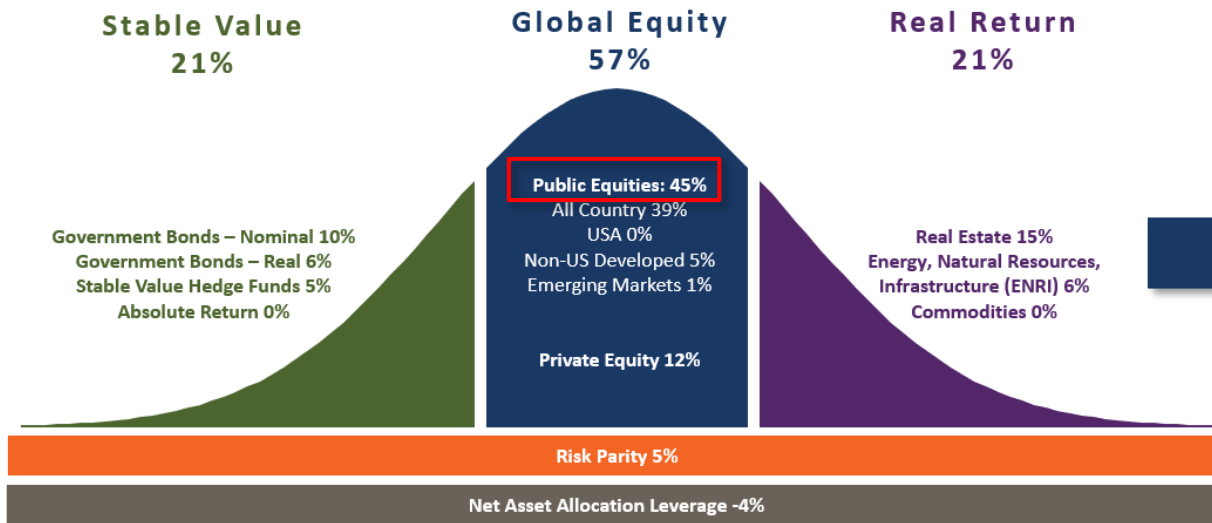
Rotational Analyst Program (RAP)

No. of People: 7

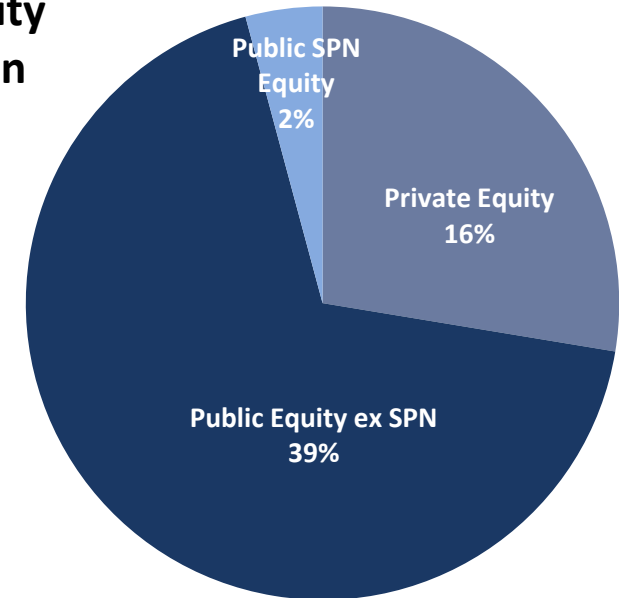
Mission: Attract and train high potential early career investors who rotate among Public Markets groups during a 3 year program.

Global Equity Overview

Global Equity's role in the Trust:



Global Equity Breakdown



| Public Equity Portfolio | | |
|------------------------------|----------------------|-------------------|
| As of 12/31/2024 | Assets (in billions) | Assets % of Trust |
| External Manager/ Public SPN | \$43.3 | 21% |
| Multi-Asset Strategies | 24.9 | 12% |
| Internal Fundamental | 11.5 | 6% |
| Passive & Transition | 5.8 | 3% |
| Total Public Equity | \$85.5 | 41% |

Philosophy

Active Management

We believe active management will add value over time

Factors

Targeting factors that are compensated in the long run, such as value, is a key active strategy

Internal

We prefer to manage strategies internally when we have the resources and skills to compete with external managers

External

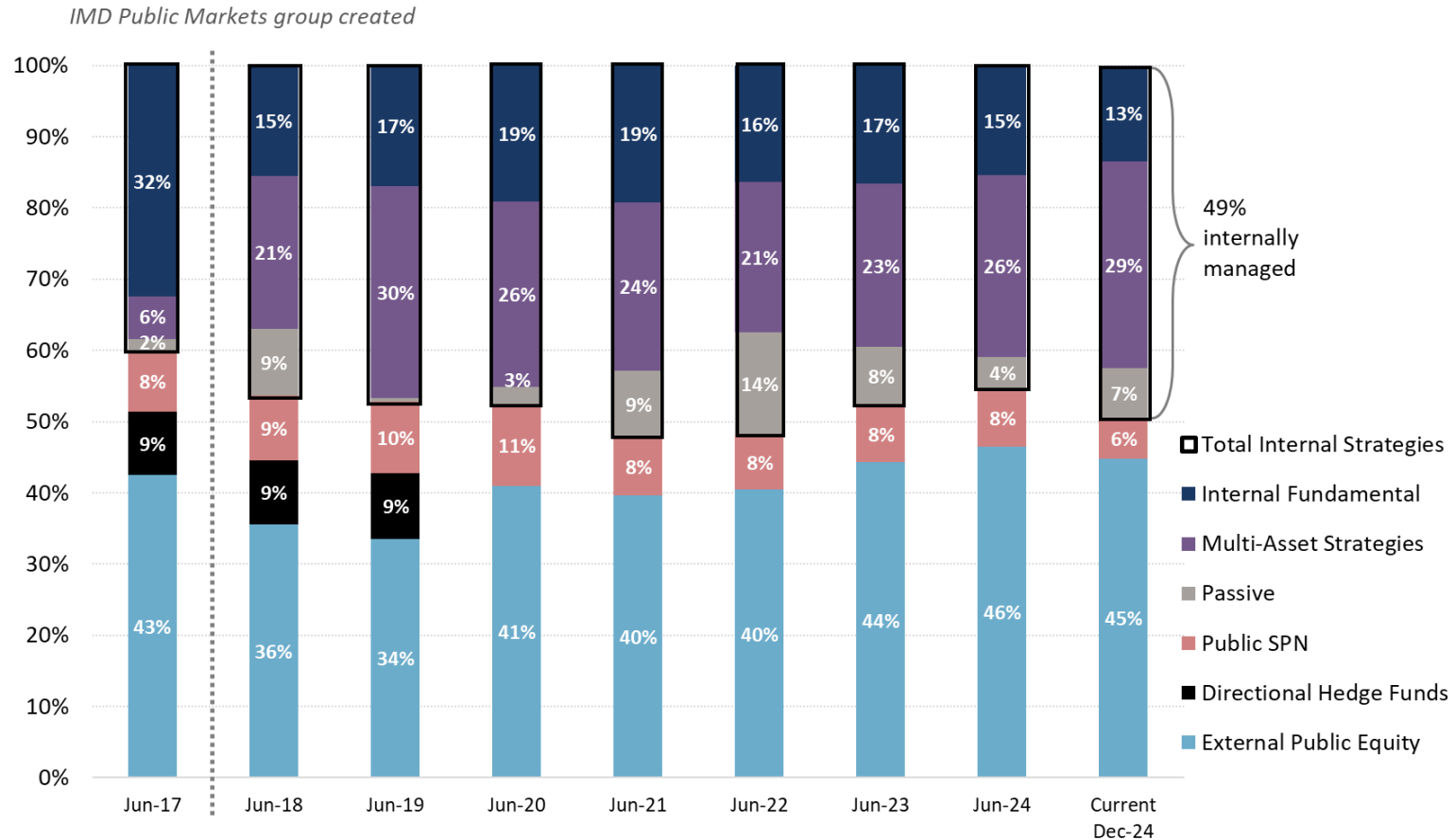
When we don't have internal capabilities, we can select external managers who will add value net of fees

Efficient Markets

Active management is most successful in less efficient markets, including international and small caps

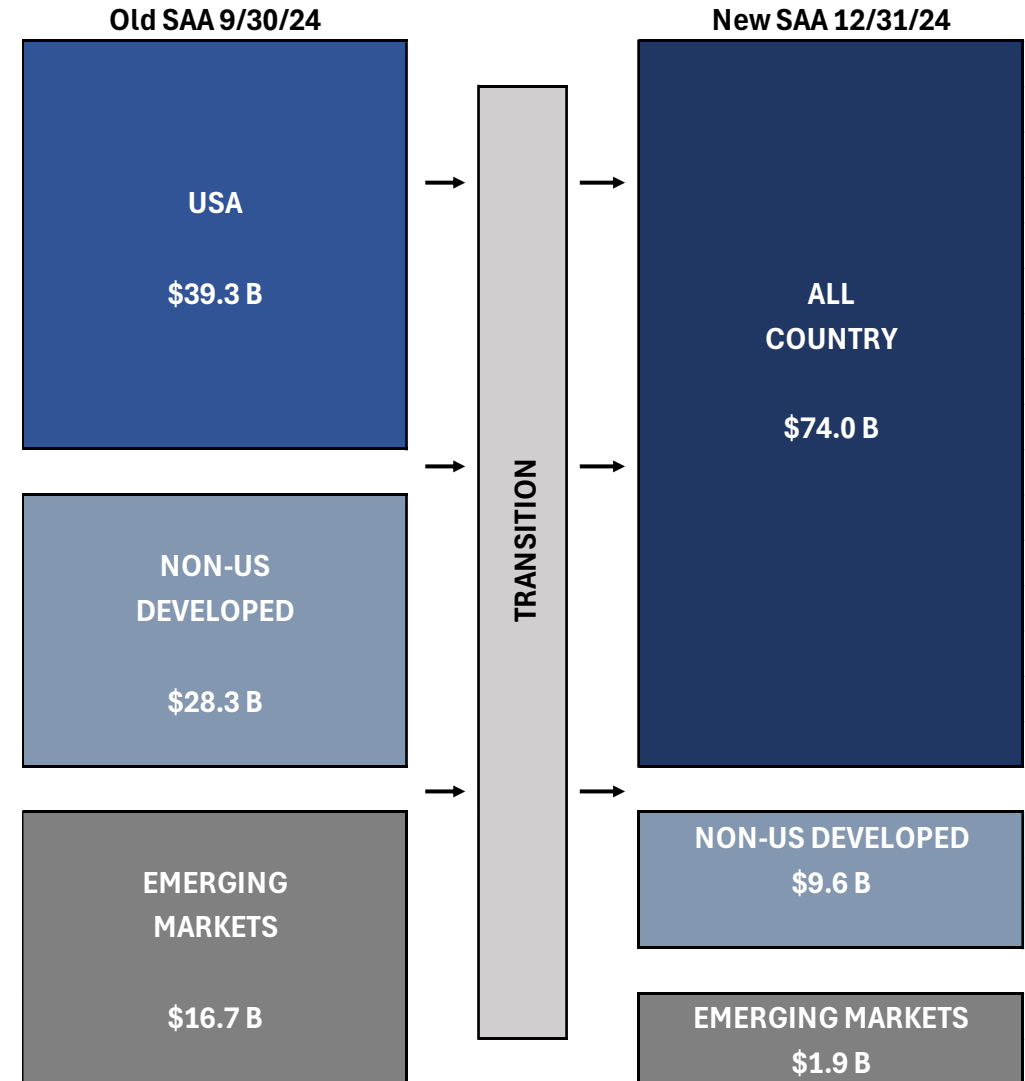
Internal & External Management

Public Equity Split by Strategy Group



SAA Transition in Public Equity

- 2024 SAA changes were material:
 - Long-term target allocation to Public Equity increased from 40% to 45%
 - Regional portfolios combined in an All Country allocation alongside smaller regional portfolios
 - Non-US and EM allocations added small-cap and fully excluded China and Hong Kong
- Over \$20 billion in trades over three months
- New completion and enhanced index strategies fill beta gaps, providing more flexibility to pursue high conviction active management
- Despite heavy trading volume over a short period, public equity generated +53 bp alpha during Q4



Source: State Street Bank

Public Equity Performance

Public Equity Portfolios excluding Strategic Partnership

As of December 31, 2024

| | Assets (\$ millions) | Assets (percent of Trust) | Return (%) | Alpha (bp) | Return (%) | Alpha (bp) | Return (%) | Alpha (bp) |
|------------------------------------|-------------------------|------------------------------|---------------|---------------|------------------------|---------------|------------------------|---------------|
| | | | Q4 2024 | | 1-Year (Annualized) | | 3-Year (Annualized) | |
| All Country | \$69,001 | 33.3 | -0.5 | 44 | | | | |
| TRs All Country Benchmark | | | -1.0 | | | | | |
| Non-US Developed | 9,640 | 4.7 | -7.2 | 44 | 6.9 | 256 | 2.1 | 39 |
| TRs Non-US Developed Benchmark | | | -7.6 | | 4.4 | | 1.7 | |
| Emerging Markets | 1,931 | 0.9 | -7.3 | 100 | 5.9 | 63 | -1.8 | 25 |
| TRs Emerging Market Benchmark | | | -8.3 | | 5.3 | | -2.0 | |
| Total Public Equity | \$80,569 | 38.9 | -1.9 | 53 | 16.0 | 207 | 5.1 | 94 |
| TRs Public Equity Policy Benchmark | | | -2.5 | | 13.9 | | 4.1 | |

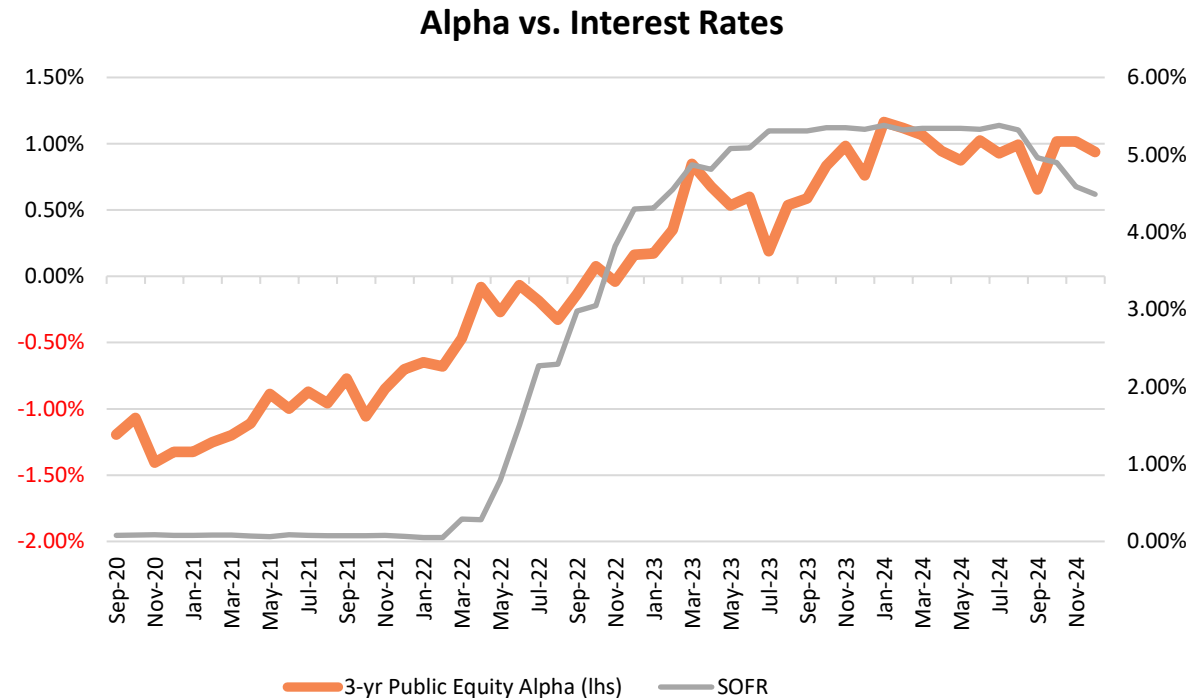
As of September 30, 2024

| | | | Q1 - Q3 2024 | | 1-Year (Annualized) | | 3-Year (Annualized) | |
|--------------------------------|----------|------|--------------|-----|------------------------|-----|------------------------|-----|
| USA | \$30,442 | 14.4 | 22.7 | 207 | 37.9 | 262 | 11.7 | 135 |
| TRs USA Benchmark | | | 20.7 | | 35.3 | | 10.4 | |
| Non-US Developed | 24,636 | 11.6 | 15.2 | 222 | 27.2 | 221 | 5.4 | -8 |
| TRs Non-US Developed Benchmark | | | 13.0 | | 25.0 | | 5.5 | |
| Emerging Markets | 14,539 | 6.9 | 14.3 | -55 | 25.9 | -88 | 0.3 | -9 |
| TRs Emerging Market Benchmark | | | 14.8 | | 26.8 | | 0.4 | |
| World | 9,600 | 4.5 | 19.8 | 176 | 34.7 | 305 | 10.9 | 297 |
| TRs Custom World Benchmark | | | 18.0 | | 31.7 | | 7.9 | |

- Public equity portfolios provided strong returns and alpha in 2024
- The portfolios generated \$1,184M in relative dollar value added (RDVA) in 2024 and \$1,704M over the last three years

Why has alpha improved?

- Traditional investment approaches work best when the price of capital is less manipulated



Public Equity Portfolio Management: A Holistic Process

Objective: Allow each investment team to pursue the highest conviction active management opportunities while ensuring:

- (1) The total Public Markets portfolio aligns with policy allocation
- (2) Risk that is considered unintentional or uncompensated is mitigated where prudent

- Optimize at Trust level, not at investment team level
- Consensus decision making through a Portfolio Construction Team

Guiding Principles

- Identify risk sources that we consider outsized and unintentional or uncompensated

Risk Assessment

Hedge Evaluation

- Determine viability of potential hedging solutions, considering cost, complexity, basis risk, etc.

Model Considerations

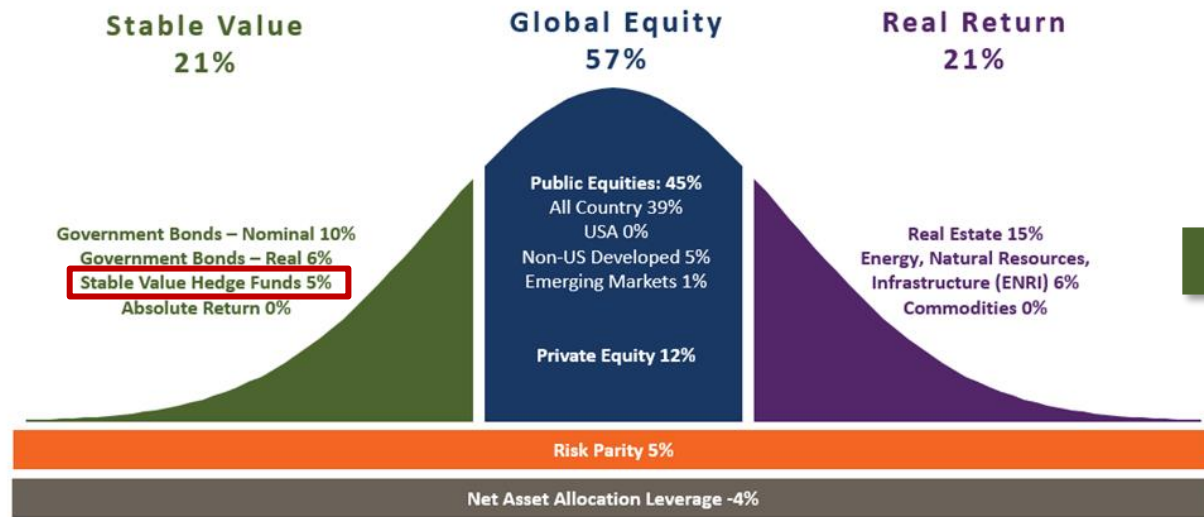
- Analyze risk from multiple angles
- Acknowledge estimation error

Restructuring Quantitative Capabilities

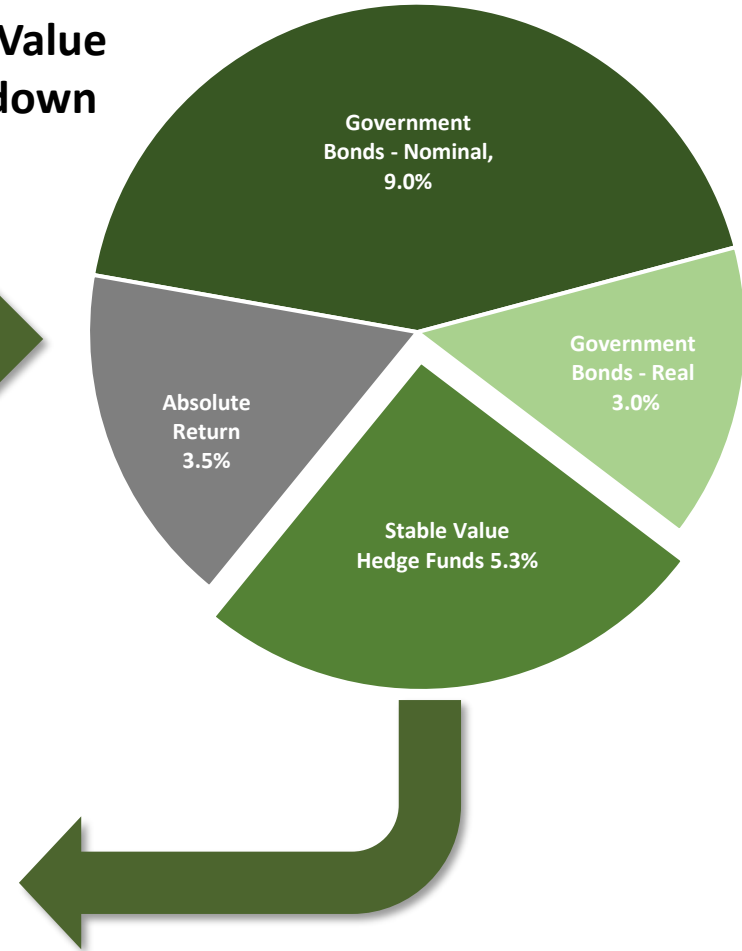
- **MSG departures.** IMD investors resigning in March 2025 led to a restructuring of the teams that implement public market quantitative strategies
- **Multi-asset investing.** Taking advantage of synergies with the Internal Risk Parity portfolio, the team managing multi-asset and alternative risk premia strategies merged into the Risk & Portfolio Management Group
- **Quantitative Equity Group.** QEG will continue current stock selection strategies
 - We reduced assets in internal quantitative equity strategies by approximately 60%, with the intent to grow them back as appropriate
- **Analytics and passive management.** QEG also took on the responsibilities of the former Portfolio Solutions group:
 - Passive and enhanced passive portfolio management
 - Reporting and analytics across Public Markets

Stable Value Overview

Stable Value's role in the Trust:



Stable Value Breakdown



| STABLE VALUE HEDGE FUND PORTFOLIO | | |
|-----------------------------------|-----------------------------|------------------------------|
| As of 12/31/2024 | Assets (in billions USD) | Assets (percent of Trust) |
| Equity Market Neutral | \$4.2 | 2.0% |
| Macro and Commodities | 2.3 | 1.1% |
| Multi-Strategy | 2.3 | 1.1% |
| Trends and Volatility | 1.2 | 0.6% |
| Reinsurance | 1.1 | 0.5% |
| Total Portfolio | \$11.1 | 5.3% |

Stable Value Hedge Fund Performance





| Stable Value Hedge Funds As of December 31, 2024 | | | | | | | |
|--|-------------------------|---------------|---------------|---------------|---------------|---------------------------------|---------------|
| | | 1-Year | | 3-Year | | Since Inception October 2011 | |
| | Assets (in millions) | Return (%) | Alpha (bp) | Return (%) | Alpha (bp) | Return (%) | Alpha (bp) |
| Stable Value Hedge Funds | \$11,075 | 10.5 | 354 | 8.3 | 417 | 5.9 | 190 |
| <i>Stable Value Hedge Funds Benchmark</i> ¹ | | 7.0 | | 4.1 | | 4.0 | |

Returns and excess returns are annualized for periods longer than one year.

¹ HFRI Fund of Funds Conservative Index through 9/30/2024, thereafter SOFR +250.

- SVHF outperformance in 2024 was broad-based across strategies
 - The portfolio achieved its highest calendar year return (+10.5%) since inception
- SVHF has been a consistent outperformer
 - Over 3 years, SVHF added \$1,173 million in relative dollar value add (RDVA) versus the policy benchmark
 - Since inception, SVHF added \$2,493 million in RDVA versus the policy benchmark

Stable Value Hedge Fund Portfolio

| Stable Value Hedge Fund Objectives | Status | Details |
|--|---|--|
| Hedge Fund Types Focus on absolute return hedge funds |  | <ul style="list-style-type: none"> Return: 5.9%¹ Sharpe Ratio: 1.5 |
| Market Sensitivity and Risk Core strategies have low to negative market sensitivity |  | <ul style="list-style-type: none"> Correlation to Global Equities²: 0.2 Beta to Global Equities: 0.0 |
| Market Regime Performance Expected to have positive returns when markets are down |  | <ul style="list-style-type: none"> Outperformed equities in every down month for stocks, by an average of 3.7% Positive returns in 72% of 54 down equity months since October 2011 |
| Performance versus US Treasuries Expected to outperform US Treasuries over the long term |  | <ul style="list-style-type: none"> 5.9% return versus Treasuries³ 0.6% 3.1% volatility versus Treasuries 12.5% 12/31/24 10-year Treasury yield-to-maturity: 4.6% |
| Performance versus Benchmark Stable Value HF benchmark ⁴ |  | <ul style="list-style-type: none"> 1.9% ahead of Stable Value HF benchmark since inception Tracking error of 2.6% |

Source: State Street Bank, Bloomberg

Note: Performance is annualized and is net of fees.

¹Dates: October 2011 (inception) to December 2024

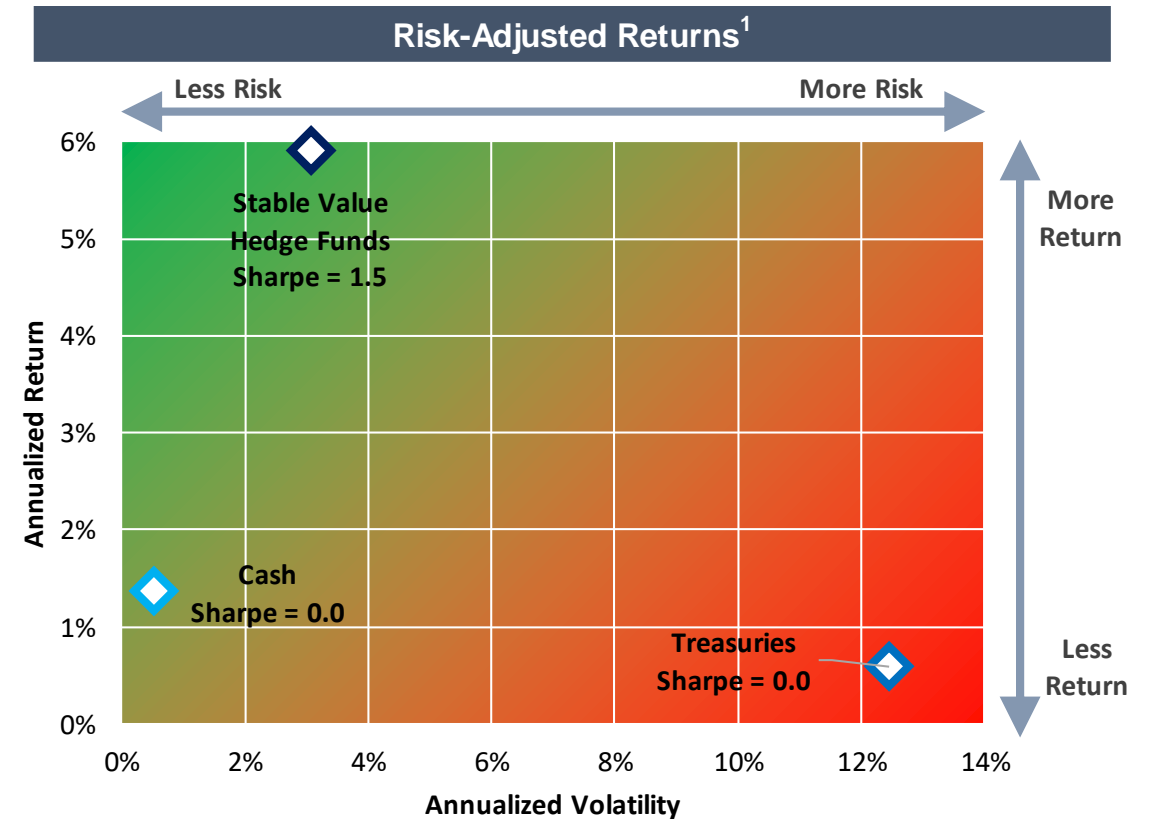
²MSCI All Country World Index

³Bloomberg Barclays US Long Treasury Total Return Index

⁴HFRI Fund of Funds Conservative Index through 9/30/2024, SOFR + 250 thereafter

Stable Value Hedge Funds and Treasuries

- Stable Value Hedge Funds have generated 10x the return of Treasuries on one quarter of the volatility, since inception
- Yields on Treasuries remain at levels below the historical performance of Stable Value Hedge Funds
- Stable Value Hedge Funds remain an important absolute return asset for the Trust



¹Dates: October 2011 (inception) to December 2024

²Return of Bloomberg US Long Treasury Total Return Index

³Return of Citigroup 3-month Treasury Bill

Public Markets 2025 Priorities

- Rebuilding and reinforcing quantitative investment capabilities
- Managing risks and taking advantage of opportunities arising from greater market and macroeconomic volatility
- Balancing the portfolio's sources of alpha
- Pushing the industry on fee alignment
- Maintaining a culture that is collaborative and accountable

APPENDIX

External Public Markets



Brad Gilbert, CFA, CAIA
Managing Director
Head of External Public Markets
BBA, UT Austin

EXPERIENCE SUMMARY
8 CFA Charterholders
7 Master's Degrees
5 CAIA Charterholders
1 Certified FRM



Jean-Benoit Daumerie, CFA
Director
MBA, Rice University



Scott Gonsoulin, CFA
Director
MS, Texas A&M



Joel Hinkhouse, CFA
Director
MBA, University of Chicago



Lulu Llano, CFA
Director
BBA, UT Austin



Steven Wilson, CAIA
Director
MBA, Rice University



John Hall, CFA
Investment Manager
MBA, London Business School



McKenna Phillips, CFA, CAIA
Sr. Associate
BBA, UT Austin



Sabei Wen, CFA, CAIA, FRM
Sr. Associate
MS, UT Austin



Michael Ijeh, CAIA
Associate
MA, George Mason



Mindu Dasanayake
Sr. Analyst
BBA, UT San Antonio



Jon Klekman
Analyst
BA, SUNY Binghamton

Quantitative Equity Group



Kyle Wynne, CFA, FRM
Managing Director
Head of Quantitative Equity Group
 MS, University of Chicago

EXPERIENCE SUMMARY

3 CFA Charterholders
 13 Master's Degrees
 1 CPA
 1 Certified FRM



Mark Albert, CFA
Director
 MBA, University of Michigan



Wayne Speer, CFA
Director
 MBA, SMU



Solomon Gold
Investment Manager
 MS, UT Austin



Paul Nguyen
Investment Manager
 MS, University of Virginia



Sudhanshu "Sunny" Pathak
Investment Manager
 MS, Columbia University



Kevin Taylor
Investment Manager
 MS, UT Austin



Yan Zhang
Investment Manager
 MBA, University of Chicago



Anthony Paolini, CPA
Sr. Associate
 MPA, UT Austin



Chad White
Sr. Associate
 MSF, Tulsa
 MS, MS&T



Lamont Colter
Associate
 BS, Texas State University



Chris Steeves
Associate
 MS, UT Austin



Cyrus Buhariwalla
Sr. Analyst
 BS, Texas A&M



Logan Deboo
Sr. Analyst
 BA, University of British
 Columbia



Irma A. Martinez
Sr. Analyst
 BBA, St. Edwards



John Onyango
Analyst
 BBA, Texas State University



Arjun Mudunuru
Contractor
 MS, UT San Antonio



Gabriela Ramirez
Administrative Assistant

Internal Fundamental




KJ Van Ackeren, CFA
Sr. Director, Head of Internal Fundamental
MBA, Texas Christian University


EXPERIENCE SUMMARY
15 CFA Charterholders
18 Master's Degrees
1 CAIA Charterholder




Patrick Cosgrove, CFA
Sr. Director
MBA, St. Mary's University



Richard Campbell, CFA
Director
MBA, UT Austin




Lee Carter, CFA
Director
MBA, Rice University




Frank Crown, CFA
Director
BAA, Georgia State University




Marissa Hogan
Director
MBA, Babson College




Shayne McGuire
Director
MBA & MA, UT Austin




Stacey Peot, CFA
Director
MBA, UT Austin




Michael Poustovoi, CFA
Director
MBA, OCU




Derek Sbrogna, CFA
Director
MBA, UT Austin



Khoi Tran
Director
BA, UT Austin




John Watkins
Director
MS, Johns Hopkins
MBA, UT Austin



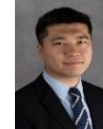
Jackson Wu, CFA
Director
MBA, Rice University



John DeMichele, CFA
Investment Manager
MBA, UT Austin



Yan Gao, CFA, CAIA
Investment Manager
MBA, University of California, Irvine




Ran Huo, CFA
Investment Manager
MBA, Rice University



Adam Kogler, CFA
Investment Manager
MSF, University of Florida




Marc Reber, CFA
Investment Manager
BA, University of Wisconsin



Jared Ryan
Investment Manager
BS, Trinity University




Laethitia Patadji
Sr. Associate
MBA, Columbia



Trevor Thompson, CFA
Associate
MSF, Ohio St University



Flora Zhao
Associate
MBA, Northwestern University



Gabriela Ramirez
Administrative Assistant

Rotational Analyst Program



Lulu Llano, CFA
Director, External Public
Markets
BBA, UT Austin



Michael Poustovoi, CFA
Director, Internal
Fundamental Management
MBA, OCU

EXPERIENCE SUMMARY
2 Master's Degrees



Hunter Griffie
Sr. Analyst
MSF, University of Florida



Thomas Sharron
Sr. Analyst
MPA, BBA, UT Austin



Joseph Cavazos
Analyst
BBA, UT Austin



Yui Chu
Analyst
BA, NYU



Ariel Furman
Analyst
BS, UT Dallas



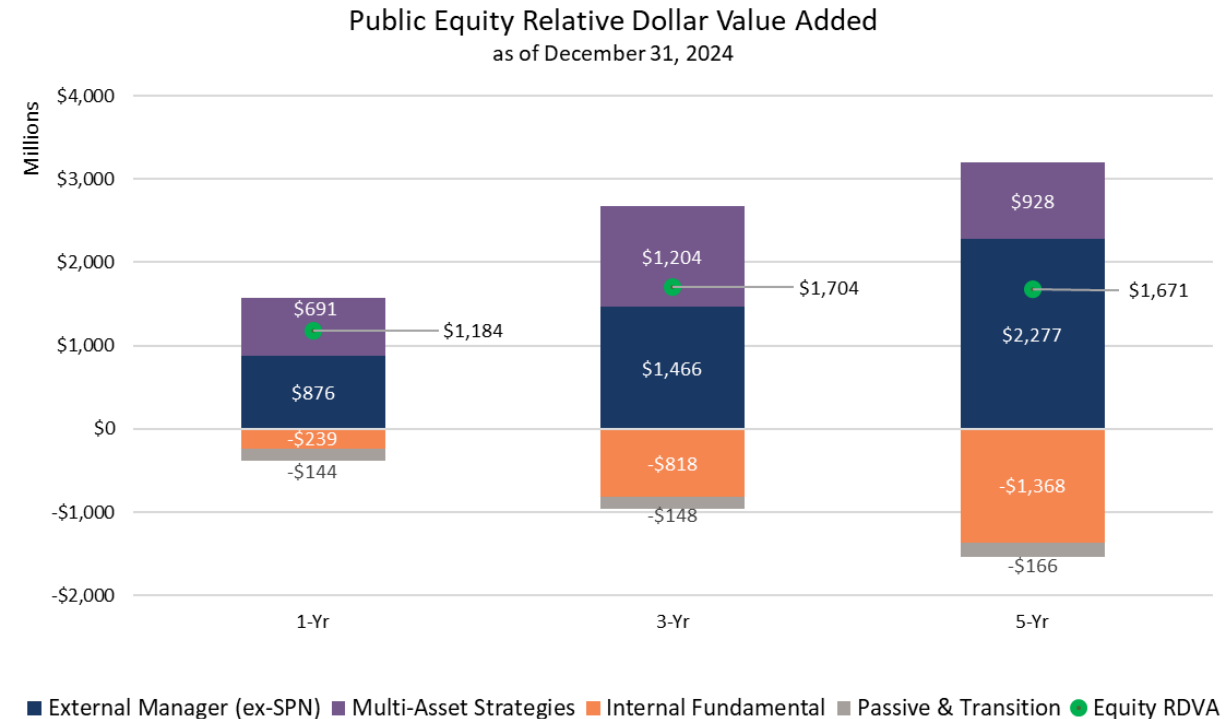
Joey Gillette
Analyst
BBA, Kansas State University



Jason Shrestha
Analyst
BA, UT Austin

Public Equity Performance by Strategy Group

- External managers and internal quantitative strategies were positive contributors to outperformance versus equity benchmarks over all time periods
- In 2024, internal fundamental portfolios in emerging markets contributed positively, offset by underperformance in developed market strategies

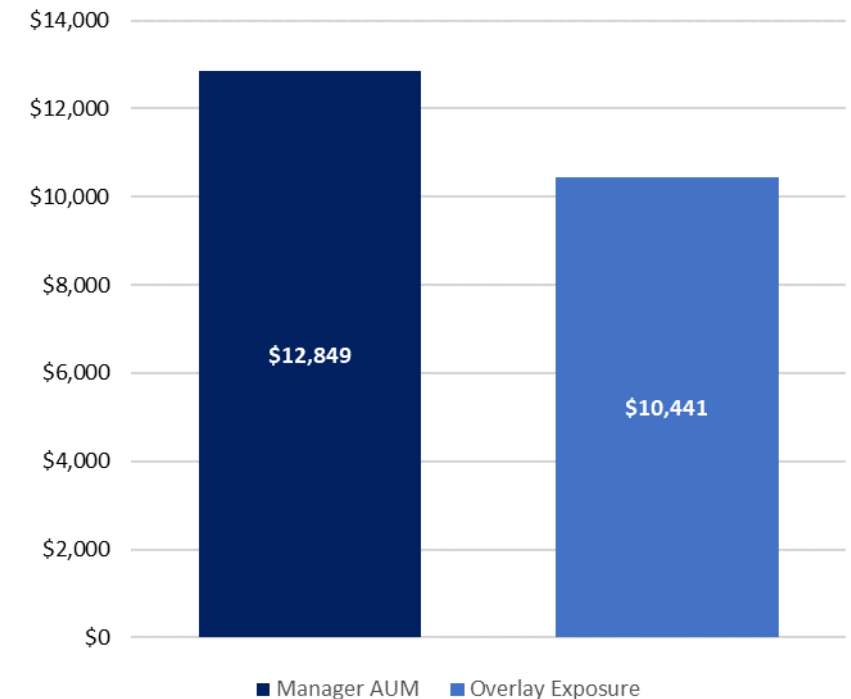


Portable Alpha Manager and Overlay Exposure

- In the 2019 SAA review, market-sensitive or “directional” hedge funds were integrated into the Public Equity portfolio
- The IMD uses an overlay to create a Portable Alpha portfolio with full market exposure to policy benchmarks (beta=1)
 - The portfolio includes market-sensitive hedge funds and other funds that require an adjustment to their beta exposure
- Currently the Portable Alpha portfolio represents 6% of Trust assets
- Portable Alpha has been successful and generated \$959 million in DVA since inception (Oct 2019)
 - These results are included in overall Public Equity performance

Portable Alpha Portfolio Manager + Overlay Exposure

(\$ millions as of December 31, 2024)



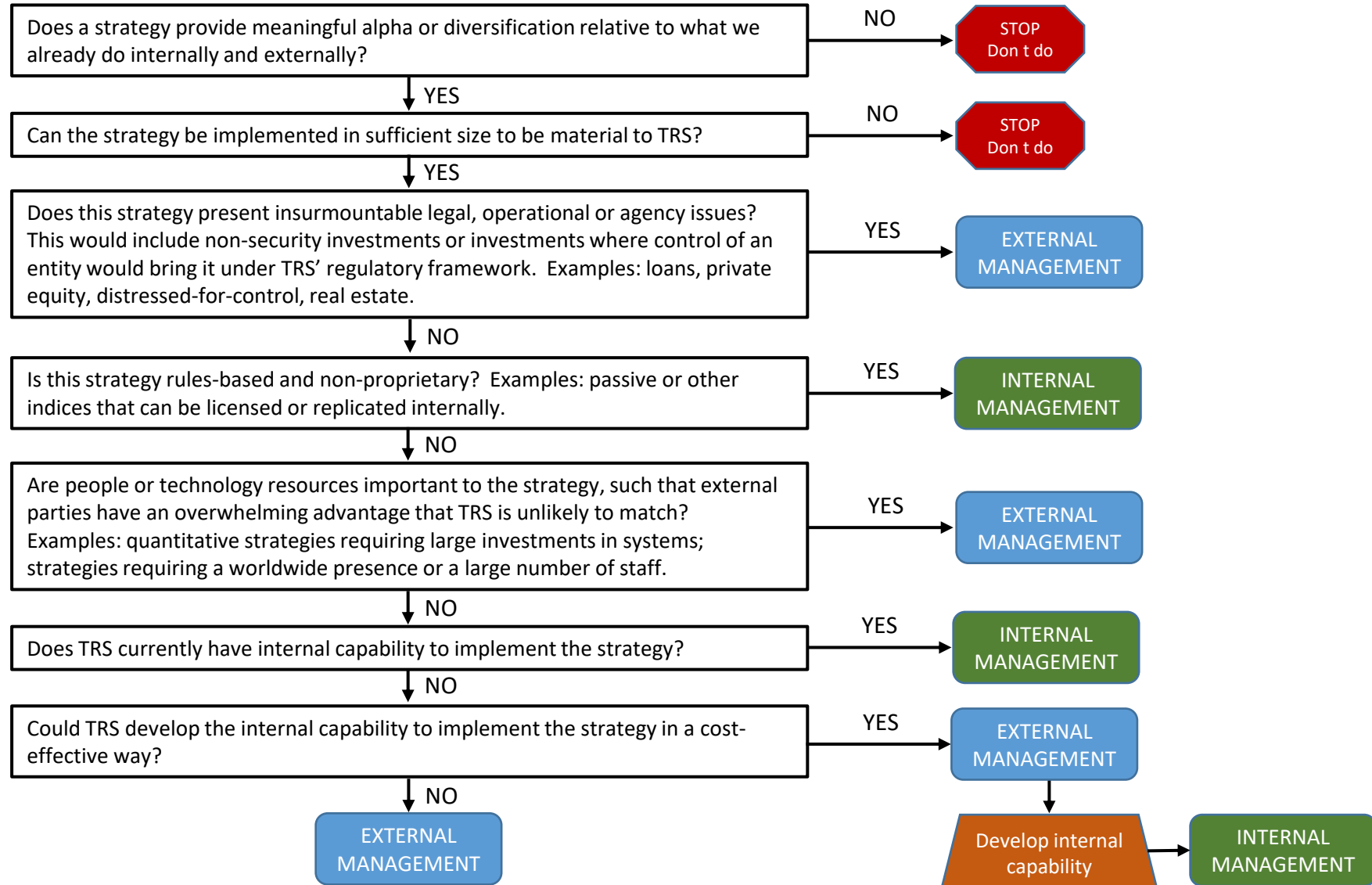
Legislative Authority Detail for Agency Agreements

As of December 31, 2024

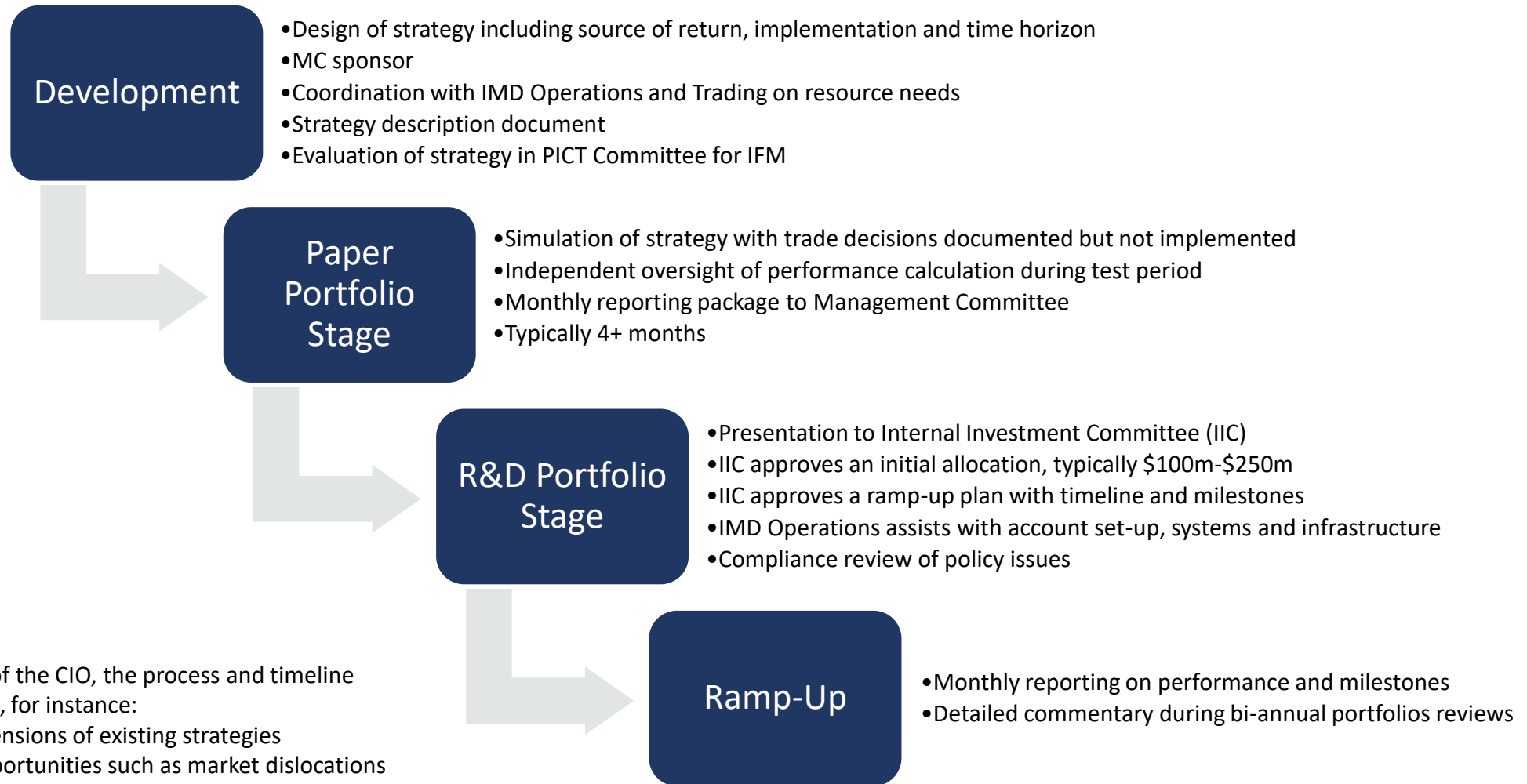
| | # of Portfolios | | | Assets (\$ billion) | | | Percentage of Trust | | |
|---------------------------|-----------------|-----------|-----------|---------------------|---------------|---------------|---------------------|--------------|--------------|
| | Agency | LP | Total | Agency | LP | Total | Agency | LP | Total |
| External Managers | | | | | | | | | |
| All Country | 6 | 26 | 32 | \$4.6 | \$15.9 | \$20.5 | 2.2% | 7.7% | 9.9% |
| Non-US Developed | 1 | 1 | 2 | \$1.0 | \$1.8 | \$2.8 | 0.5% | 0.9% | 1.3% |
| Emerging Markets | 0 | 0 | 0 | \$0.0 | \$0.0 | \$0.0 | 0.0% | 0.0% | 0.0% |
| Total Equity | 7 | 27 | 34 | \$5.6 | \$17.7 | \$23.3 | 2.7% | 8.5% | 11.2% |
| Public Markets SPN | 2 | | 2 | \$5.9 | | \$5.9 | 2.8% | | 2.8% |
| Real Estate | 1 | | 1 | \$0.4 | | \$0.4 | 0.2% | | 0.2% |
| Totals | 10 | 27 | 37 | \$11.8 | \$17.7 | \$29.5 | 5.7% | 8.5% | 14.2% |
| Hedge Funds | | | | | | | | | |
| Global Equity | | | | | \$12.1 | | | 5.9% | |
| Stable Value | | | | | \$11.3 | | | 5.4% | |
| Risk Parity | | | | | \$0.2 | | | 0.1% | |
| Totals | | | | | \$23.7 | | | 11.4% | |

- TRS is limited by law to 30% Agency Agreement authority
 - Currently 14.2% utilized
- The Investment Policy Statement¹ limits the allocation to Hedge Funds to 15%
 - Current allocation is 11.4%

Internal / External Decision Tree for Investment Strategies

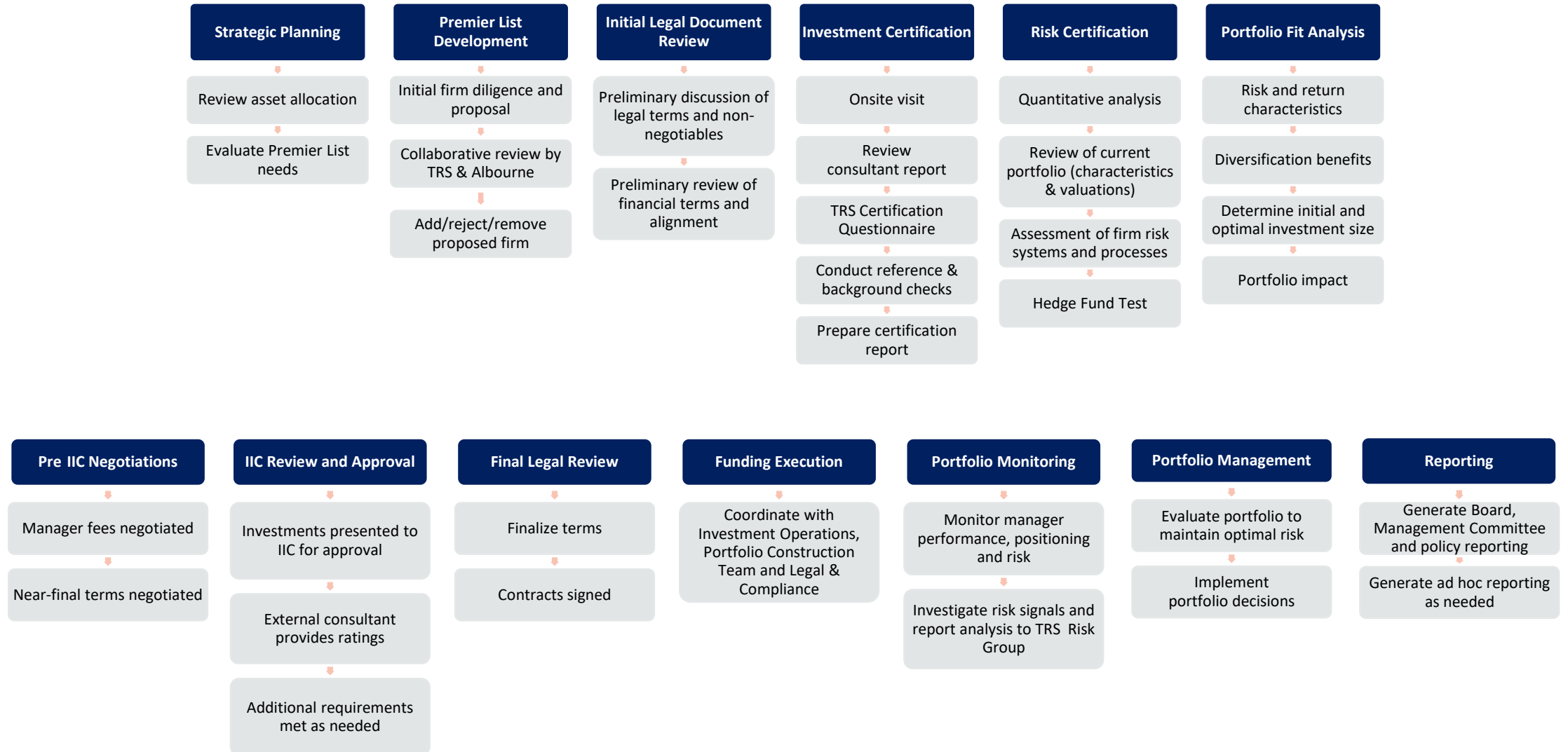


Developing New Internal Portfolios



External Manager Critical Processes

Texas Way



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Annual Review of Absolute Return

Ashley Baum, Managing Director

April 2025



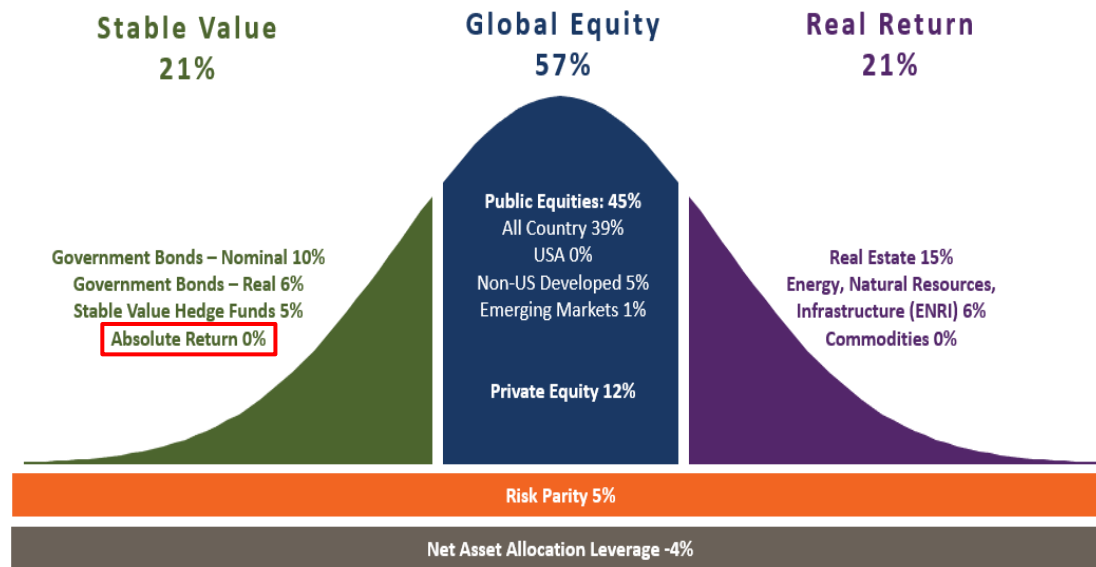
Role in the Trust

Absolute Return (AR)

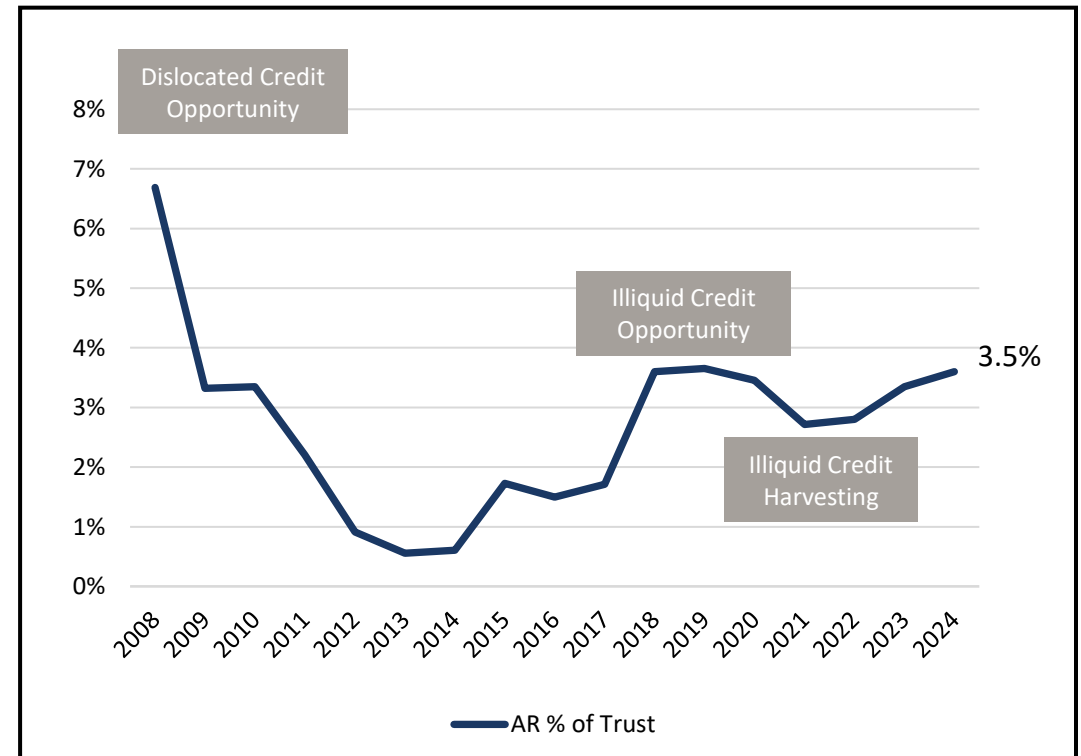
Absolute Return (“AR”) is “a broad category that includes all assets that have a high probability of generating a positive absolute return regardless of market conditions over a one- to three-year period”

- Policy range of 0-20% with a target of 0%
- Actual size depends on the opportunities available

AR TARGET % OF TRUST



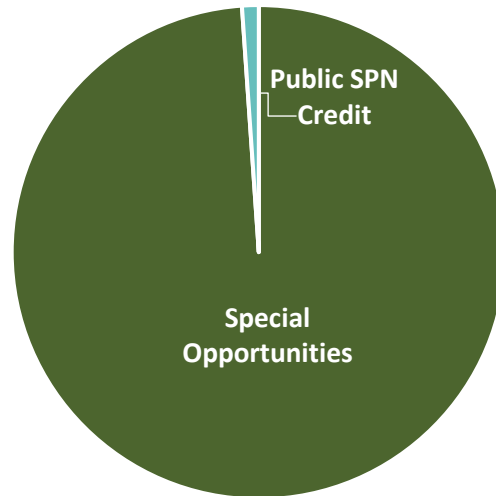
HISTORICAL TRUST ALLOCATION



Absolute Return Portfolio Summary

- Absolute Return represents 3.5% of the Trust, composed of:
 - <0.1% Public Strategic Partnership Network (“SPN”) Credit Assets
 - 3.5% Special Opportunities (“SO”)¹

MARKET VALUE BY STRATEGY



Market Value \$7.3B as of 12/31/24

Special Opportunities Portfolio Goals

- Deliver an 8% IRR over a 3 year basis
- Scale portfolio up/down opportunistically
- Capture unique and niche investments
- Act as innovation agent for the IMD

- Special Opportunities Portfolio launched in 2013 and includes fund and principal investments
- Since inception, TRS has deployed \$18.5B in these opportunities, resulting in a 16.2% return and a 11.0% IRR
- SO manages the portfolio to a maximum weight of 5% during normal environments, although it will often be well below that level

¹ Special Opportunities has positions held in Global Equities (\$154M as of 12/31/2024) which are not included in the Absolute Return portfolio

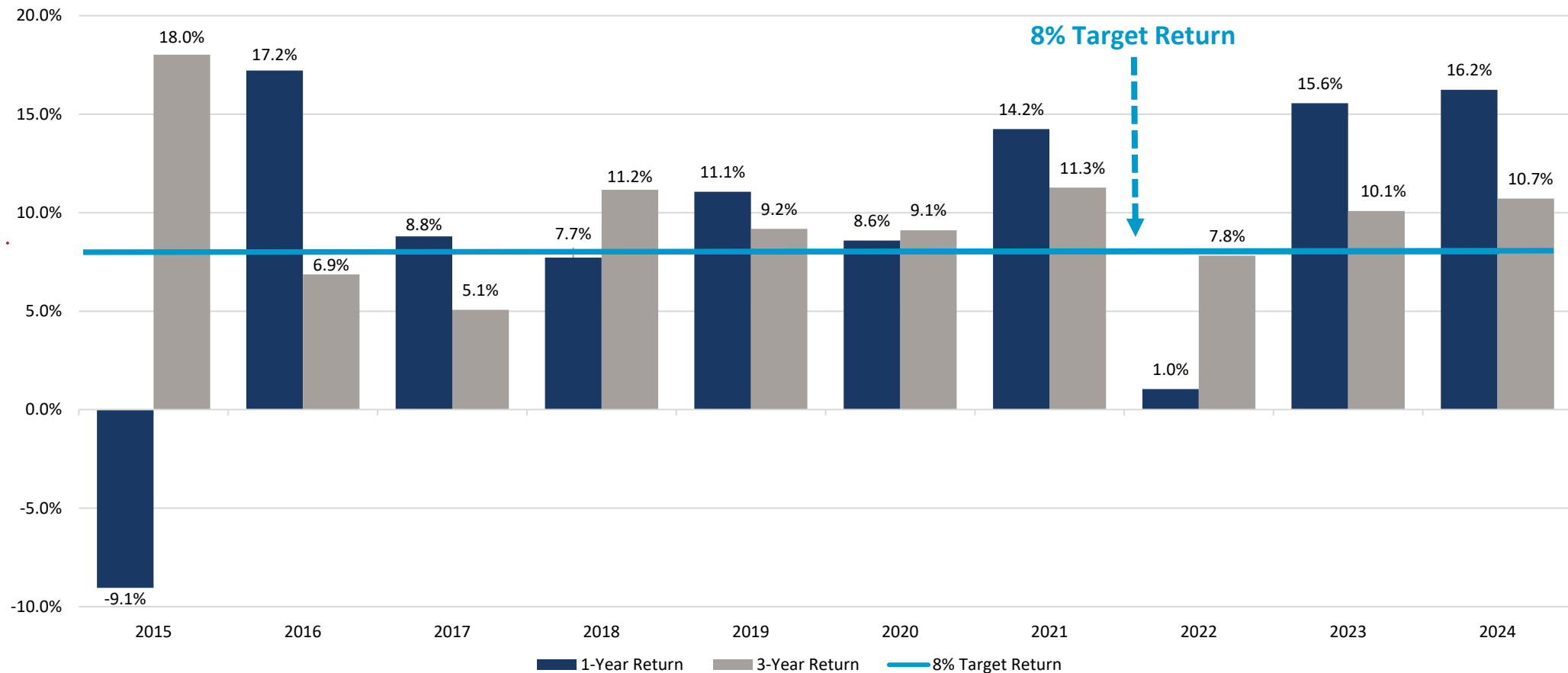
Source: State Street, TRS IMD

Special Opportunities Portfolio Absolute Return

As of 12/31 each year

- The Special Opportunities team has historically targeted an 8% return over a 1- to 3-year basis
- Since inception, Absolute Return has exceeded this target return on a 1-year basis 9 out of 12 years and on a 3-year basis 7 of 10 periods

Special Opportunities 1-Year and 3-Year Returns¹



Source: State Street.

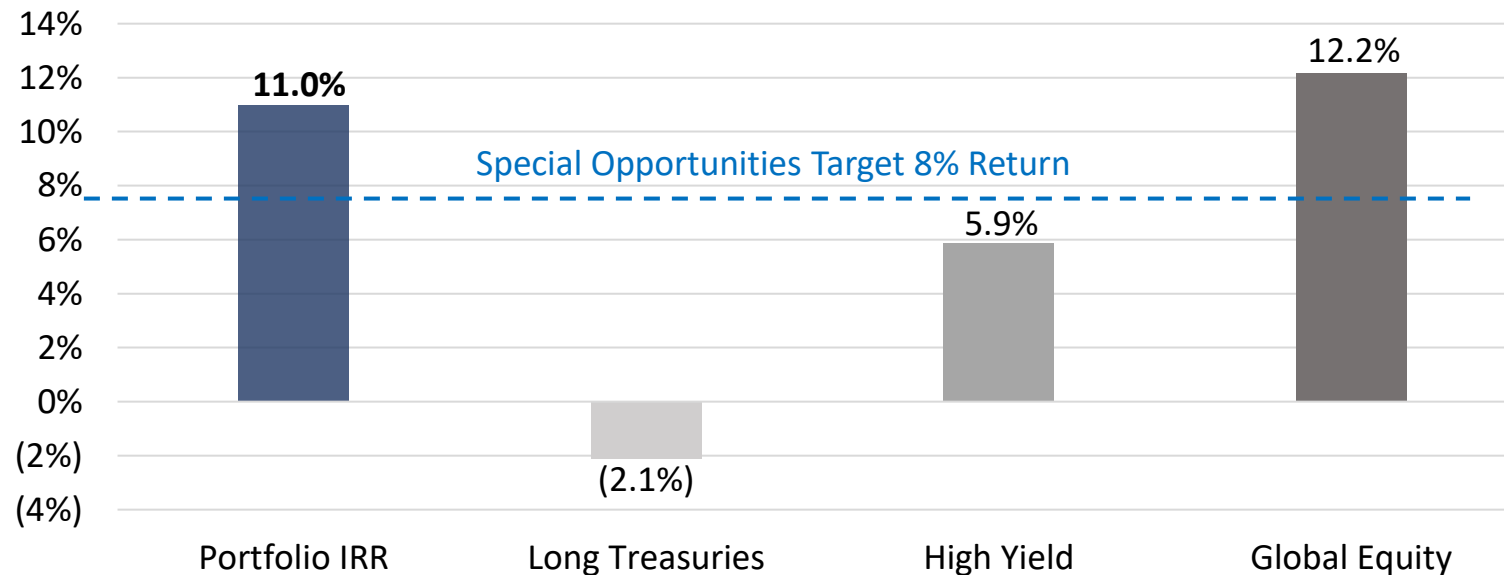
¹ Returns presented include Tactical Value from its inception in 2015. Special Opportunities began managing Tactical Value in March 2020.

Special Opportunities Performance Summary

\$ in Millions

| PORTFOLIO INVESTMENTS PERFORMANCE as of 12/31/24 | | | | | | | | | | | |
|--|----------------|-----------------|---------------|----------------------|--------------|--------------|---------------|-------------------------|--------------|--------------|---------------|
| Portfolio | Market Value | Total Exposure | % of Exposure | Time Weighted Return | | | | Internal Rate of Return | | | |
| | | | | 1-Year | 3-Year | 5-Year | Since Incept. | 1-Year | 3-Year | 5-Year | Since Incept. |
| Funds | \$5,286 | \$8,387 | 75% | 15.1% | 10.1% | 11.3% | 10.1% | 13.8% | 10.1% | 10.8% | 10.7% |
| Principal Investments | \$2,111 | \$2,724 | 25% | 19.3% | 11.1% | 9.1% | 16.1% | 19.9% | 12.6% | 10.8% | 12.1% |
| Special Opportunities Assets | \$7,397 | \$11,111 | 100% | 16.2% | 10.7% | 11.1% | 16.2% | 15.3% | 10.8% | 10.8% | 11.0% |

Public Market Equivalent ("PME") Special Opportunities Benchmark Analysis Since Inception to 12/31/2024

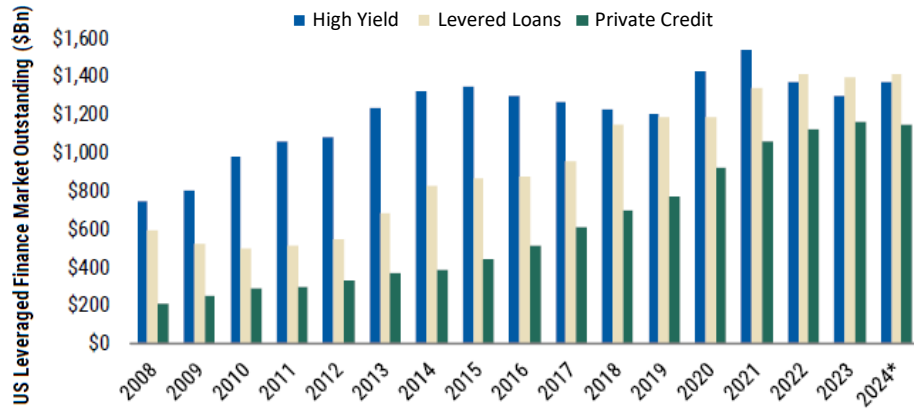


Source: State Street, TRS IMD

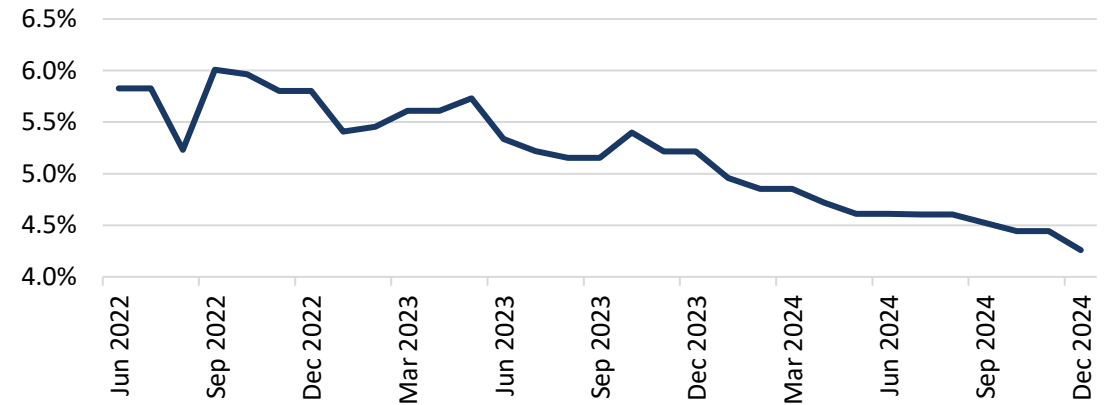
Public Market Equivalent ("PME") benchmark represents a hypothetical investment of cash flows in a public market index at the same time and amount as the cash flows for the portfolio. It is included to provide a comparison of how a public investment would have performed over the same period.

Current Conditions Favor Borrowers Not Lenders

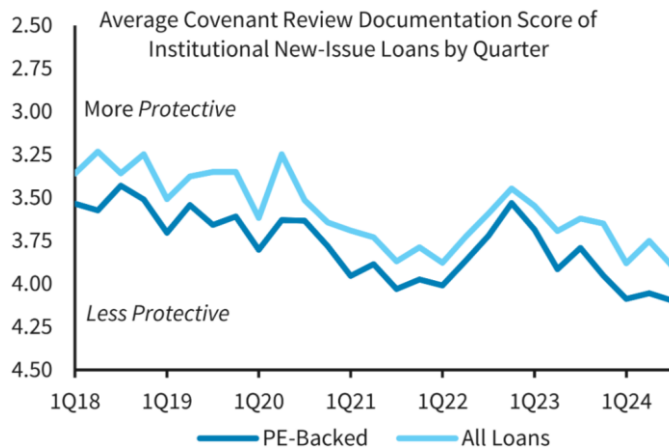
Rising Private Credit Invested Assets



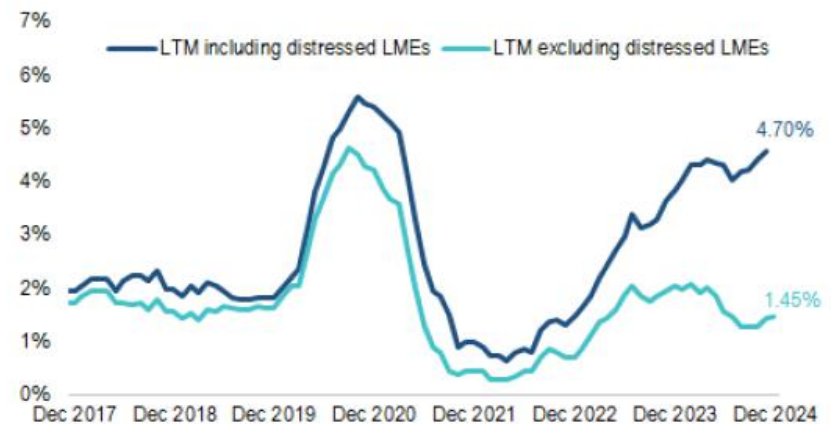
Tightened Loan Spreads



Less Protective Loan Documentation



Higher Lender Willingness to Modify Terms



Special Opportunities Areas of Interest

- Opportunities where we are seeing excess compensation or solving a problem with modest complexity:
 - GP/LP Solutions
 - Warehousing
 - Maturing Credit
 - Capital Solutions
- We are preparing to be opportunistic in any volatility that may present in the markets:
 - Restructuring existing vehicles for deployment flexibility
 - Identifying investment managers for niche markets
 - Creating innovative investment vehicles to capture short-term opportunities

Summary: Special Opportunities Portfolio Assessment

| Portfolio Goal | Status (12/31/24) |
|---|--|
| ✓ Deliver an 8% IRR over a 3-year basis | <ul style="list-style-type: none">• Exceeded return target 7 out of 10 periods since inception• Since inception IRR 11.0% |
| ✓ Scale portfolio up/down opportunistically | <ul style="list-style-type: none">• Deployed \$18.5B since inception with a NAV of \$7.4B• Returned \$2.4B of capital in 2024• Designed capacity structures to be ready to invest when compelling (\$4.5B dry powder available) |
| ✓ Capture unique and niche investments | <ul style="list-style-type: none">• Deployed into Asset-Backed Financing, NAV Loans, Synthetic Risk Transfers, Hedge Fund Co-investments, Appraisal Rights, and Real Estate Construction Loans |
| ✓ Act as innovation agent for the IMD | <ul style="list-style-type: none">• Implemented TRS custom funds• Formed TRS standard structure & terms for co-investing• Created CLO platform• Established warehousing relationships• Sourced investments for other IMD teams |

APPENDIX

Organization

Special Opportunities Team

7

Advanced degrees
and certifications

Members of
the Special
Opportunities
Investment
Committee



Ashley Baum, CFA, CPA
Managing Director
Head of Special Opportunities
MPA, Accounting
University of Texas at Austin



Oscar Hakenäs
Senior Associate
BS, IT and Financial Mathematics
KTH Royal Institute of Technology



Carl Spansk, CFA, CAIA
Associate
MS, Finance
University of Texas at Austin



Dave Seremek
Associate
BS, Business
Indiana University



Zachary Hong
Senior Analyst
BBA, Finance
Emory University



Drew Gambrell
Senior Analyst
MS, Finance
Texas A&M University



Jon Klekman
Shared Analyst
Relationship Management
BA
SUNY Binghamton

Pending Hire

Advisors



Dale West, CFA
Senior Managing Director
Head of Public Markets, Member of IIC
MBA
Stanford University



K.J. Van Ackeren, CFA
Managing Director
Head of Internal Fundamental
MBA
Texas Christian University



Scott Gonsoulin, CFA
Director
External Public Markets
MS, Finance
Texas A&M University



John Watkins
Director
Internal Fundamental
MBA
University of Texas at Austin



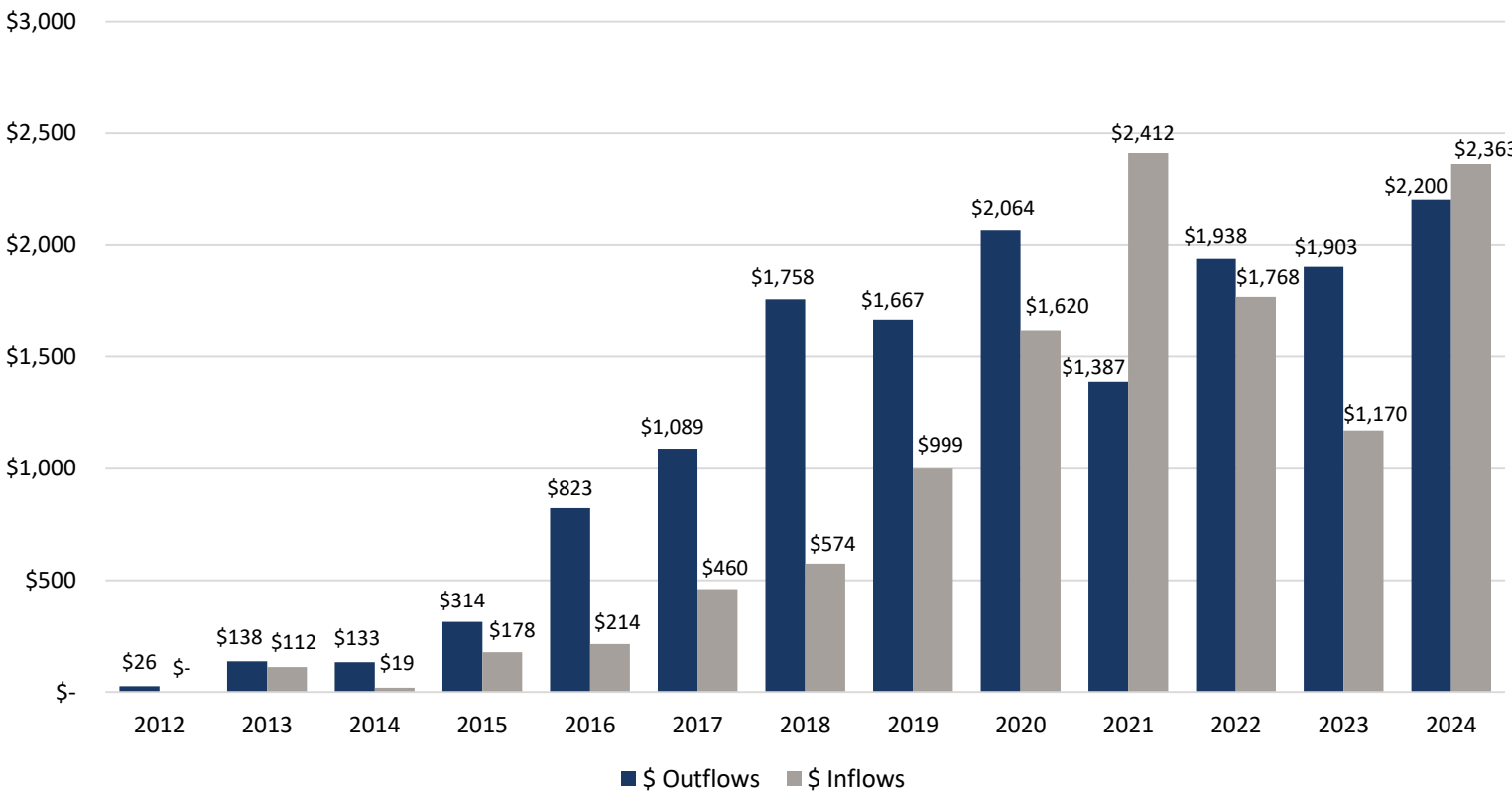
Lulu Llano, CFA
Director
External Public Markets
BBA, Finance
UT Austin

Opportunistic Deployment

Net Cash Outflows and Inflows by Year

- SO does not deploy capital unless the opportunity set is compelling
- This opportunistic and variable deployment is unique in the Trust
- SO investments have a faster cash flow cycle than private markets generally
- SO total invested amount (\$18.5 billion) is much larger than current market value (\$7.4 billion)
- SO has seen a net cash inflow (distribution) of \$163 million for the 2024 calendar year.

Historical Annual Cash Outflows and Inflows (\$ Millions)¹



¹ Cash flows presented include Tactical Value from its inception in 2015. Special Opportunities began managing Tactical Value in March 2020. The chart shows cash flows netted at the transaction level to remove the impact of capital recycling. ² Cumulative net outflows shown in chart equal \$15.5B; however total capital invested is \$18.5B as of 12/31/24 as it includes capital recycling.